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***Participative entrepreneurship in Flanders:  
how and why does it work?***

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## **Abstract**

The aim of this study is to analyse how employee satisfaction can be enhanced by using a participative approach in the Flemish entrepreneurial context. These insights can improve company and organisational performance as well as retention of employees in a labour market that will be short of talent, also in a post covid-19 world, especially for technical and creative skills. The relevance of this approach is checked against the background of motivational crowding out, habituation effects and free riding, all of which are supposed to undermine the effectiveness of financial participation. Using a pragmatic research philosophy, a multiple methods research design was chosen, combining quantitative with qualitative data. The empirical results support the view that a participative approach has a positive effect on employee motivation, especially when organisational and financial participative elements reinforce each other. The use of a sound KPI-system that is consistently linked to the participative approach and being communicated transparent, helps mitigate habituation and other negative effects. By combining financial with organisational participation, companies can construct a participative business model that builds on the idea of developing a sense of employee ownership.

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# Chapter 1 – Introduction

In this paper the basics of participative entrepreneurship are outlined. Combining financial and organisational participation of employees, gives way to a comprehensive business model that, apparently, has not yet been fully appreciated. The idea originates from the motivation literature. Already in 1973, Dickson stated that employees are not only motivated by extrinsic elements (for instance money) but also by intrinsic elements that are very much determined by organisational conditions like self-determination and autonomy which help develop psychological/organisational ownership (Dickson, 1973). This paper puts forward the proposition that these motivational factors are the explicit mirror image of the distinction between financial and organisational participation. It is being predicted that there is a strong case to combine financial and organisational participation and this is checked in Flemish business reality.

The literature supports the idea that financial and organisational participation are both sides of the same coin and suggest the development of a comprehensive framework that shows why financial and organisational motivational factors are part of a (virtuous) circle. Such a framework is constructed and checked empirically with two surveys as well as within focus groups with Flemish entrepreneurs and business leaders. When and how this approach works best, is being found out. Complaints about habituation effects that could undermine the effectiveness of financial participation are being addressed as well as fears of free riding. It will be argued that it is possible to overcome both these problems when financial participation is embedded within a broader framework that aims to develop a broad sense of ownership. Psychological attachment and identification with the goals of the organisation are shown to be as important as financial ownership.

## 1.1 Background: Participative entrepreneurship

In short, financial ownership means that employees get a stake in the company's capital. They become literally the physical owners. When the shares have voting rights and when stakes become significant (for instance, more than 10%), employees will even have a decision power. They will be able to influence strategic choices. In Anglo Saxon countries, physical ownership of employees is a more established phenomenon. In continental Europe, direct stock participation is less common than indirect participation via profit sharing, preferred stock (shares without voting rights) or stock options, i.e. future stakes in the company (Poutsma, 2017).

Companies with financial participation schemes seem to perform better (McNabb and Whitfield, 2007). However, one could suppose that selection bias may be a problem (Whitfield, Pendleton, Sengupta, Huxley, 2017). Companies that perform well have the budgetary means to share some of the growth of the company with their employees. Furthermore, it still is a much debated and open question as to how financial participation would be able to create these positive effects on the results of the organisation? It is quite possible that when employees feel like owners, they are able to identify themselves much easier with the goals of the company or organisation (Blasi, Freeman, Kruse, 2016; Kaarsemaker and Poutsma, 2006; Whitfield et.al, 2017). Employee ownership could align opposing interest of employees and employers. As employees benefit from financial performance, either by an increased value of their shares or via dividends and profit sharing, they have an incentive to increase the performance of the business.

This refers to a non-financial shape of ownership (Pierce et.al., 2001). Organisational ownership refers to the fact that somebody can also develop feelings of possession towards a task, object, target or even a concept. Extending this feeling, it could also be developed towards a company or even several organisational elements. Companies can make this feeling stronger with different organisational techniques on the working floor. Also, the way decisions are taken makes a difference. Information about the way the company operates and giving employees a say, will make the development of feelings of ownership easier. Employees should be able to connect and identify with goals and value propositions. It is assumed that feelings of ownership towards an organisation improve the motivation and productivity of employees (Pierce et.al., 2001).

Combining the insights from financial and organisational ownership seems straightforward, but in practice, this has been difficult because researchers and organisations tended to label things and think in categories. Inspiring, however, was the work of Cerasoli, Nicklin and Ford (2014) who did conduct a 40-year meta-analysis and point to an important symbiosis. Apparently, it is the combination of intrinsic and extrinsic incentives that predict performance of organisations. In their extensive paper, Gerhart and Fang (2014) revisit and challenge what they call "*long held believes about pay, intrinsic motivation, extrinsic motivation, performance and creativity in the workplace*". They give a comprehensive overview of empirical findings that suggest that financial and psychological ownership go hand in hand. Pickford Joy and Roll (2016) suggest that it is too easy to expect that financial ownership will automatically lead to the development of psychological attachment or feelings of ownership that are able to enhance productivity.

## 1.2 Flemish entrepreneurial context

This research is of importance to today's concerns of companies and organisations that compete in a war for talent and look for ways to improve employee satisfaction and retention. One way to do so is to develop a sense of ownership with the organisation. Therefore, this research topic is of interest to a wide range of industries and companies.

In a production environment, the distance between blue-collar workers and the top of the company may be an issue. But also, for white-collar workers, it is important that they can align their aspirations with the goals of their team or department. Today, in any industry, knowledge workers make a huge difference in a competitive environment. In some branches, all employees are key or own specific knowledge that is of special interest to the success of the company. In such cases, companies try to tie employees to the organisation by offering different kinds of advantages. Some of them are pay-related, others are non-pecuniary. Money and pay are important but often the effect of a wage increase is only shorthanded. Non-pecuniary advantages like vacation or training are at least as important as pay but not enough. A good mixture of goals is appropriate.

Today's employees, especially younger generations, are looking for purpose in their lives. They do not live to work, but they work to live (Hurst, 2016). Older generations often do not any longer need extra income but are looking for higher job satisfaction. To keep employees attached to the goals of an organisation, alignment with these personal objectives is needed. People become engaged from a variety of incentives. Besides pay and money, having a say, self-realisation and autonomy are also important drivers of motivation. The better challenge is to make employees think as owners, as if they own the business. An owner looks to an object through a different pair of glasses.

The covid-19 crisis may have a positive impact on the usefulness of participative entrepreneurship. In times of stress and fast changing conditions, organisations need employees who can change tack fast and are fully aligned with the goals of the organisation. Taking ownership of this change will certainly enhance organisational outcomes. One can expect participative organisations to thrive better in these circumstances.

## 1.3 Research aim, objectives, questions

### 1.3.1 Aim

The aim of this study is to analyse how employee satisfaction can be enhanced by using a participative approach in the Flemish entrepreneurial context. A comprehensive framework that explains how employee satisfaction can be enhanced by stimulating participation, will be

developed. Insights from the literature are checked with some best practices in the Flemish entrepreneurial context. This will explain how and why different types of participation – financially and organisationally - support each other. These insights can improve company and organisational performance as well as retention of employees in a labour market that will be short of talent, also in a post covid-19 world, especially for technical and creative skills.

### 1.3.2 Objectives

Given these insights from the international literature, it is interesting to find out how important these considerations are in the region of Flanders (Belgium). How do Flemish companies perceive the role of participative entrepreneurship in their way of doing business? Do they combine financial with organisational motivational factors? What is the presence of financial participation and should it, in the view of business leaders, be linked to organisational factors of motivation such as having a say, co-determination, self-supporting teams, the KPI framework, etc. Do the data support the idea that a combination of financial and psychological ownership leads to better organisational outcomes? Do business leaders believe that participative entrepreneurship leads to better outcomes in terms of retention and satisfaction of employees?

Three objectives are defined:

- Objective 1: To critically analyse the relevance of participative entrepreneurship in the Flemish context.
- Objective 2: To evaluate the importance of combining financial with organisational participation for the success of participative entrepreneurship.
- Objective 3: To critically discuss the complaints about habituation effects and free riding that are supposed to undermine the effectiveness of financial participation.

### 1.3.3 Research questions

1. What is the presence of participative entrepreneurship in the Flemish context?
2. Is financial participation being systematically linked to aspects of organisational/psychological ownership?
3. Do decision makers have the impression that participative entrepreneurship improves the motivation of employees and/or helps them to realise better results (higher efficiency, higher productivity, better financial results, etc.)
4. What are possible obstacles that mitigate the positive effects of a participative approach? Is habituation a genuine problem? Is there evidence of freeriding?
5. Can business leaders be provided with better insights about the conditions under which financial participation schemes in Flanders, i.e. CLA90 and profit premium

(2018 modification in specific), help improve employee motivation in specific and organisational efficiency in general?

## 1.4 Research approach

A pragmatic research philosophy was chosen. The research approach is abductive, using a mixed method design. A sequential explanatory research design refers to quantitative research followed by qualitative analyses. In fact, the empirical work is based on two surveys which were analysed quantitatively. A qualitative analysis complements the quantitative analysis. In several focus groups with entrepreneurs and business leaders, the theoretical framework was discussed and the main findings of the quantitative analysis were checked. Although the literature predicts that employees are motivated not solely by money and extrinsic rewards but also by intrinsic elements that are very much determined by organisational conditions like self-determination and autonomy, it is being hypothesized that these motivational factors are the explicit mirror image of the distinction between financial and organisational ownership. It is predicted that there is a strong case to combine financial and organisational ownership.

## 1.5 Organisation of the study

Chapter 2 reviews the literature and sets out a comprehensive framework of analysis. In Chapter 3, the research design and methodology is described in more detail. In chapter 4 the main findings and results from the research will be presented. Chapter 5 discusses the findings and chapter 6 draw some conclusions.

## Chapter 2 – Literature overview

This chapter sets out the foundations of participative entrepreneurship as a business model that combines financial and organisational ownership. The idea coincides with the motivation literature that states that employees are not only motivated by money and so-called extrinsic rewards but also by intrinsic elements that are to a great extent determined by organisational conditions that help develop feelings of psychological ownership. There are theoretical foundations that support the thesis that the extrinsic and intrinsic motivational factors are the mirror image of the distinction between financial and organisational ownership. The consequences of this symbiosis for the effectiveness of the Flemish rewarding scheme that is typically based on collective bonuses and profit premia specifically, is discussed. How well is it being combined with elements of organisational ownership?

### 2.1 Foundations of participative entrepreneurship

#### 2.1.1 Financial ownership

In many companies, employees share in the financial results and growth of the organisation, either by profit-related bonuses or profit sharing, or even by participation in the stock of the company. The literature shows that financial participation in many cases has positive effects on the performance of these organisations (Kruse, 2016; Poutsma and Braam, 2012; Rosen, Case and Staubus, 2005). These effects can be attributed to higher motivation of employees, higher productivity, less turnover of employees or better organisational efficiency in general terms. The great idea behind financial participation is, that it aligns the interests of employees with those of management and the business (Rosen et.al., 2005).

It is assumed that when employees feel like owners, they should identify themselves much easier with the goals of the company or organisation (Blasi and Kruse, 2016; Kaarsemaker and Poutsma, 2006; Whitfield et.al, 2017). Employee ownership could be able to align the different interests of employers and employees. As employees benefit from financial performance, either by an increased value of their shares or via dividends and profit sharing, they have an incentive to increase the performance of the business (Rosen, Case and Staubus, 2005).

#### 2.1.2 Organisational ownership

Ownership could also take a non-financial shape. Psychological ownership means that an individual can develop feeling of possession over a task, a company goal, a project, etc. This feeling could also apply to an organization. Pierce, Kostova and Dirks (2001, p.4) build on that observation to state that an employee could develop feelings of ownership towards

organisational goals. Further developing these feelings, employees might feel like they are the owners of a business. In order to reach that state, an organisation needs to make sure that employees have a say and can make decision autonomously. When someone is being listened to, that person will have much easier identify themselves with that organisation. It is assumed that the development of these feelings of ownership will have a positive effect on the motivation and productivity of employees within an organisation.

Pierce, O'Dristol and Coglan (2004) discern two dimensions of ownership.

- On the one hand there is what they call "*objective ownership, expressed by either legal or formal ownership.*"
- On the other hand, there is "*subjective ownership that is expressed by attitudes.*"

It are the interactions between people that alle make the difference. Van Dyne and Pierce (2004, p. 439) claim that the feeling of psychological ownership is an import element in creating the righ attitudes:

- "*Results demonstrate positive links between psychological ownership for the organization and employee attitudes (organizational commitment, job satisfaction, organization-based self-esteem), and work behavior (performance and organizational citizenship). More important, psychological ownership increased explained variance in organization-based self-esteem and organizational citizenship...*"

Ozler, Yilmaz and Ozler (2008, p. 38) refer to the relationship of similarity and partnership:

- "*This feeling of possession (I as the subject) and being possessed (I as the object) shared by individuals create some basic and essential similarities that increase solidarity, trust, common interests and evaluations, collaborationist behavior, shared norms and responsibility – concepts that are more or less related with collective possession.*"

### 2.1.3 Roots of intrinsic motivation

Pardee (1990) made an overview of the classical literature on motivation which revealed four major theories. Abraham Maslow and Frederick Herzberg laid down the foundations with respectively the pyramid of needs and the two-factor motivational theory (Maslow, 1943; Hertzberg, 1959). Abraham Maslow's hierarchy of needs supposes that people are motivated by unsatisfied needs which are represented as a pyramid with the more basic needs at the bottom (hunger, thirst, sleep,...) and most complex needs at the top (self-esteem, realisation of the self,...). The hierarchy of the needs correspond with the importance of levels in life. It is supposed that people first want to fill in the needs at the lower level before wanting to fill in those at higher levels.

Frederick Herzberg's two-factor theory makes a similar but different distinction. Several workplace factors will lead to higher job satisfaction when they are present. Some other

factors will lower job satisfaction if absent. The latter are hygiene factors. Hygiene means that its presence will not improve health, though, its absence will deteriorate health conditions. Examples of factors that can motivate people are achievement, recognition, the work itself, responsibility, growth,... Hygiene factors refer to issues like the company policy, supervision, working conditions, interpersonal relations, salary, status, job security and personal life (Pardee, 1990). The third theory is McClelland's need for achievement. Achievement rhymes with the self-actualization in the theory of Maslow. Finally, there is McGregor's Theory XY. This theory is based on the assumption that self-direction and self-control as well as maturity control motivation. In that sense, it compares well with self-actualization in Maslow's theory (Pardee, 1990). In fact, one could add a fifth theory because also Alderfer's ERG theory (Existence, Relatedness, Growth) builds much on Maslow's hierarchy of needs (Alderfer, 1969).

### 2.1.4 Motivational crowding out

In the seventies and eighties Cognitive evaluation theory (CET) paved the way for more sophisticated motivation models (Deci and Ryan, 1985). This theory in psychology would, later, be described as a sub-theory of Self-Determination Theory (SDT). Mainly, CET and SDT explain how intrinsic motivation is affected by external forces in a process known as motivational 'crowding out'. External events or factors influence the perceived competence of the individual (Deci, Koestner, Ryan, 1999). Self-determination theory refers to needs that, if satisfied, allow employees to function well. Competence, relatedness, and autonomy pave the way to optimal functioning and growth based on psychological health and well-being. Interestingly, Ryan and Deci (2000) distinguish between four different types of extrinsic motivation.

They differ in the level of perceived autonomy by the employee:

- External regulation: the least autonomous of the four and is determined by external punishment or reward. Some examples: *"For the income it provides me"* (Tremblay, Blanchard, Taylor, Pelletier, Villeneuve;2009); *"Because with only a high-school degree I would not find a high-paying job later on"* (Boiche and Stephan, 2014);
- Introjected regulation: arises when the individual has somewhat internalized regulations but does not fully accept them as their own. They may comply for self-esteem reasons or social acceptability - essentially internal reasons but externally driven. Examples: *"To prove to myself that I am capable of completing my college degree"* (Boiche and Stephan, 2014); *"Because I want to be very good at this work, otherwise I would be very disappointed"* (Tremblay et.al., 2009);
- Identified regulation: this motivation is more autonomously driven - when the individual consciously perceives the actions as valuable. Examples: *"Because I think*

*that a college education will help me better prepare for the career I have chosen”* (Boiche and Stephan, 2014); *“Because it is the type of work I have chosen to attain certain important objectives”* (Tremblay et.al., 2009);

- Integrated regulation: the most autonomous form of motivation and the action has been internalized and is aligned with the individual's values, beliefs and is perceived as necessary for their wellbeing. However, this is still classified as extrinsic motivation as it is still driven by external processes and not by inherent enjoyment for the task itself. Examples: *“Because my work is a big part of who I am”* (Moran, Diefendorff, Kim, Liu; 2012); *“Because it has become a fundamental part of who I am”* (Tremblay et.al., 2009).

SDT warns that too much extrinsic motivation can crowd-out the intrinsic motivation. When a child is studying hard to avoid a punishment from the teacher or its parents, this type of motivation is purely extrinsic (external regulation). When the child does so because it wants to behave in a socially acceptable way, the motivation is less but still extrinsic (introjected regulation). Consciously perceiving the actions as valuable refers to identified regulation. Finally, when the child perceives the good behaviour to be in line with its own values and beliefs, the regulation is integrated (integrated regulation).

Note that according to SDT, even integrated regulation still is viewed as being extrinsic because it does not originate from the inner self of the child. It is still driven by external processes and not by inherent enjoyment of the task itself. Examples of pure intrinsic motivation in the literature (Gerhard and Fang, 2014):

- *“Because I experience with pleasure and satisfaction while learning new things”* (Boiche and Stephan, 2014);
- *“Because the work is fun”* (Moran et.al., 2012)
- *“For the satisfaction I experience when I am successful at doing difficult tasks”* (Tremblay et al., 2009).

One could make the same degrees of comparison for a bonus or financial reward. When a child does something because of a reward, the motivation is not intrinsic but extrinsic, even when the behaviour and attitudes to reach that reward are fully in line with the values and beliefs of that person. According to SDT, it might even be worse. The reward in a sense risks destroying the intrinsic motivation. The child will perceive the reward as the motivational factor of its good behaviour which replaces the inner intrinsic motivation. The same goes up for all kinds of pecuniary rewards, punishments, threats, imposed deadlines, evaluations, etc. in a workplace environment (Gerhart and Fang, 2014).

### 2.1.5 Consequences for financial rewards and bonuses

The success of theories like SDT and especially CET, has led to a negative perception of extrinsic motivation in the past. Gerhart and Fang (2014) even suppose that organizational behaviour/psychology did not devote much time to pay-related topics because of the success of these theories. They cite Rynes (2005) who supposed that extrinsic pay was regarded to have a very negative effect on motivation, such that it has been undervalued.

Gerhart and Fang (2014) refer to the work of Wiersma, who already in 1992 conducted a meta-analysis that found 11 studies revealing a positive effect of pay and rewards on performance. They also cite a meta-analysis by Jenkins, Mitra, Gupta and Shaw (1998) that found that financial incentives are positively related to performance.

Gerhart and Fang (2014, p. 13) make an interesting suggestion:

- *“Either the positive effects of extrinsic rewards on performance via higher extrinsic motivation dominated the negative effects via intrinsic motivation, or, the free-time measures of intrinsic motivation in the meta-analysis of Deci, Koestner and Ryan (1999) may simply not be relevant to work related performance since work time is not the same as free-time.”*

More specifically, Gerhart and Fang (2014, p.13) investigated the applicability of CET and SDT to the environment of the workplace. Their critique is that the meta-analysis of Deci et.al. (1999) did not include behaviour that you typically expect in a professional environment. That paper had a big influence on the way pecuniary rewards have been perceived, especially in the context of an organization. Gerhart and Fang (2014, p.14) also point to the character of the variables measured. What counts for an organisation is performance. Whether the result comes from intrinsic or extrinsic motivation, doesn't matter in the first place. Performance hasn't even been a variable of interest.

Intuitively, it looks reasonable to assume that what comes from the inner self, can be attributed a higher value than what comes from outside oneself. Professional football players enjoy the game intrinsically and they do not just play because they get paid for it. Lionel Messi and Cristiano Ronaldo want to spend as much minutes as possible on the pitch. Players don't like to stay on the bench and hate injuries. Rewards are important but will Messi play better because he received a pay raise of let's say one million euros on top of the tens of millions he would earn anyway?

Dan Ariely, Uri Gneezy, George Loewenstein and Nina Mazar (Ariely, D., Gneezy, U., Loewenstein, G., Mazar, I., 2009) conducted some interesting experiments to assess the

impact of bonuses on performance. The group offered the highest bonus performed worse than the other two groups that received small and medium bonuses. This was so in every single task they were asked to conduct. In another setting at MIT, Dan Ariely, asked students to accomplish different tasks while offering a chance to earn a high bonus (\$600) or a lower one (\$60) by performing two four-minute tasks (Ariely, 2009). When tasks involved only mechanical skill, bonuses worked as expected. The higher the pay, the better the performance. When tasks required rudimentary cognitive skill, a potential higher bonus led to poorer performance.

This shows that high bonuses can become counterproductive and hurt performance. These results explain why excessive bonuses in the financial world did not have the expected results but, in fact were devastating. Bebchuk, Cohen and Spamann (2010) referred to the wages of failure at Bear Stearns and Lehmann Brothers. Together with the success of CET and SDT, the dotcom crisis and later the subprime crises certainly did contribute further to the negative perception of financial rewards. These events that draw a lot of negative attention, probably also explain why during the first two decades of this century, financial rewards have not received the attention that they might deserve.

### 2.1.6 The complexity of financial participation

Organisations that share ownership with employees, seem to perform better. The empirical evidence supports this idea (Kruse, 2016; Poutsma and Braam, 2012; Rosen et.al., 2005; McNabb and Whitfield, 2007). However, one might suspect that selection bias could be a problem (Whitfield, Pendleton, Sengupta, Huxley, 2017). It might well be that companies share some of the financial results with employees because they performed better. The same might be true for indirect financial participation like bonuses. Furthermore, it still is a much debated and open question as to how financial participation would be able to create these positive effects on the results of the organisation?

Moreover, assessing the impact of financial participation on business performance is not easy because there are so many different financial participation schemes. Many companies in OECD countries have various forms of financial participation for employees.<sup>1</sup> Some of these schemes are broad based, others are focused on management and/or white-collar workers only. A distinction can be made between participation via share ownership, profit sharing or merely

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<sup>1</sup> See for instance the PEPPER reports from the EU <https://www.eurofound.europa.eu/areas/participationatwork/pepperreports> as well as the websites of various organisations like NCEO (<https://www.nceo.org>), Proshare (<https://www.proshare.org>), the EFES (<https://www.efesonline.org>)

participation via bonuses which might be linked to the financial results of the organisation. In Flanders, a wide variety of schemes is also noticed.

Regularly, business leaders complain that participation does not always helps employees keep motivated or that it does not necessarily lead to better organisational performance. At the same time, one needs to realize that financial participation is just one aspect of the operational setting. A lot of other factors are at play, like for instance, sector, the life cycle of the company, the personal characteristics of the employees, the business cycle, etc. This makes assessing the impact extremely difficult.

In the literature, there is an important distinction between financial and organisational aspects regarding the development of feelings of ownership towards the organisation. The link with organizational behaviour research looks evident but is less straightforward than one might think. For instance, research on employee compensation has not always been of prior importance (Gupta and Shaw, 2014). Too long, researches did assume that financial rewards harm intrinsic motivation. The consequence is that the impact of financial rewards, as well as financial participation in the results or the capital of a company, may have been underestimated.

## 2.2 Participative entrepreneurship

It appears that the decade old opposition in the literature between so-called intrinsic and extrinsic motivational factors has been supported by long lasting and strong theoretical narratives. The distinction resembles much like the fault line between financial and organisational ownership. It seems reasonable to suppose that the lack in interest in a symbiosis of financial and organisational ownership is partly rooted in these narrative theories of motivation. This means that an interesting and promising opportunity lies in bringing together insights from all these different points of view.

An important conclusion is, indeed, that extrinsic motivational factors (pay, bonus, stock options) have been opposed for too long with non-financials rewarding factors (self-determination, employee satisfaction, etc.) with the former being perceived as inferior to the latter (Gerhart and Fang, 2014, p.4). Today we look at financial rewards from a different perspective. Gerhart and Fang (2014, p.7) did point to the interesting fact that SDT does not necessarily has to contradict with extrinsic motivation. In fact, according to them, SDT could just as well predict that some types of extrinsic motivation can even behave much like intrinsic motivation.

### 2.2.1 Internalizing rewards

Building further on these insights from Gerhart and Fang (2014), it might be that extrinsic rewards can be more self-determining and autonomous than predicted by SDT. The effect of extrinsic reward on intrinsic motivation may indeed be negative but the overall effect of extrinsic reward on performance may be positive because the former effect may be compensated for. Recalling the example of top football or sports players, it must not be forgotten that a big majority of employees do not earn excessive wages or bonuses at all. To them, receiving a fair wage for the hard work done, still is a basic condition for motivation.

On top of that, being able to make a decent living from labour income, is also a prerequisite to be happy as, on closer inspection, Maslow and Herzberg (1959) already claimed. In that respect, very recent research from Kesternich, Schumacher, Siflinger, Schwarz (2020) revealed that in Europe both for employed and unemployed individuals work meaning is significantly less important than receiving an appropriate wage or having a secure job. Work meaning refers to the significance of a job for others or for society, which could be defined as a kind of 'integrated regulation' and maybe even a pure intrinsic motivational factor.

The crucial question then is: how is the extrinsic motivational factor being received and perceived by the receiver? If somebody internalizes the reward, it looks as if it comes from him/herself. Much will also depend on the context, degree of complexity, the urgency of a task, etc. If someone is carrying out a task that is perilous, hazard pay will be perceived differently and not just merely considered as a blunt extrinsic pay raise (Gerhart and Fang, 2014).

### 2.2.2 Reward system design

This suggests that a reward system needs to be designed carefully. Combining the insights from financial and organisational ownership seems straightforward, but in practice, this has been difficult because researchers and organisations did tend to label things differently and kept thinking in separated categories. The literature, though, seems to suggest that intrinsic and extrinsic rewards can reinforce itself and might be both sides of the same coin. This probably explains why many empirical studies failed to find evidence that employees did feel a sense of ownership, despite owning shares in the stock of their company (Buchko, 1992; McCarthy and Palcic, 2012).

Pierce and Rodgers (2004) already showed that legal ownership will have a positive effect on the performance of employees when they have a considerable say in the way the business operates. Dube and Freeman (2010) found that on the American labour market financial participation and having a say in important matters do coincide. To engage employees, the

participation in organisational matters might even be more important than the financial participation itself. If employees may also participate in the organisational decision-making process and if they have a say in the organisation of daily operations, it will increase their motivation and make them more engaged with the company.

Supporting this idea is the work of Cerasoli, Nicklin and Ford (2014) who did conduct a 40-year meta-analysis and point to an important symbiosis. Apparently, intrinsic motivation and extrinsic incentives together determine strongly the organisational outcome. In their extensive paper, Gerhart and Fang (2014) give a comprehensive overview of empirical findings that suggest that financial and psychological ownership indeed go hand in hand. Pickford, Joy and Roll (2016) suggest that it is too easy to assume that employee share ownership will automatically lead to the development of feelings of ownership and, hence, positive effects on the productivity growth of the company.

### 2.2.3 Ownership attitudes

Klein (1987) already found that the attitudes of employees determine whether there will be positive effects of employee ownership on the results of the company. Wagner, Parker and Christiansen (2003, p. 868) examined the psychological experience of employee ownership in nonmanagerial work groups in a large organisation. An organisation could promote psychological ownership through management practices. They conclude: “

- *“...participation in employee ownership plans is associated with employees’ believing that they have shared interests with the organization that employs them and acting in a manner that promotes those shared interests. This research also suggests that organizations can promote psychological ownership through their management practices. A climate of self-determination, wherein employees perceive support for training, recognition of hard work and participative management practices, was associated with beliefs and behaviours reflecting a sense of possession of the organization.”*

Blasi, Freeman and Kruse (2016) stress the importance of enhanced communication in both directions between employee and management to find positive effects of employee ownership on organisational outcomes. To what extent employees have the feeling that they have a genuine say in the way the business operates, makes an important difference (Rosen et.al., 2005). This feeling could be summarized under the umbrella of ‘psychological ownership’. Employees need to think and behave like owners. Some features of this behaviour (attitudes) are:

- A will to save costs.
- Making suggestions to save costs and to improve efficiency.
- Bring together crucial information (KPI’s, financial data).

- Search for ways to improve the financial results (process, products, organisational design, etc.).

#### 2.2.4 The importance of goals

These insights bring up another important aspect. Companies need clear cut goals and objectives and they need to be SMART (Specific, Measurable, Achievable, Realistic, Timely). Bandura (1986) already stressed the importance of self-efficacy which refers to the confidence and believe of an individual to reach an objective in certain circumstances. This belief will influence the length, the direction and intensity of the effort. It will also influence the preparedness to think strategically (Cf. searching for organisational process and product improvement). This last point means that employees can get involved in thinking about the way the organisational future looks like.

The seminal work of Bonner and Sprinkle (2002) starts from theories about the effects of monetary incentives on effort and task performance. They explain why performance management systems evolved from using pure financial indicators to a broader set of financial indicators and non-financial indicators in specific: That the Balanced Scorecard (BSC) is so often used, shows that this evolution is genuine. Bonner and Sprinkle also showed that there is no such thing as effort, but effort is a combination of different components being effort intensity, effort duration, effort direction and strategy development. It is important to notice that extrinsic motivation, by rewards and financial incentives, only has limited effects in time. To have a sustainable effect, it needs to be combined with other variables. Another interesting insight from Bonner and Sprinkle is that certain accounting-related variables alter the effects of (financial) incentives on performance. Explicit performance targets (assigned goals), have additive positive effects on effort and the performance over monetary incentives, thereby suggesting that organizations should employ performance targets in conjunction with monetary incentives to motivate employees.' Apparently, the difficulty of the objective as well as the incentive setup are not independent.

When designing reward systems, one should think carefully about the power of goals and goal setting within the motivation framework. Goerg (2015) conducted some interesting experiments that show that goalsetting can enhance the effectiveness of extrinsic motivational factors when they are supported by achievable and self-chosen goals. This research also suggests the relevance of the symbiotic view that financial and organisational ownership go hand in hand.

In fact, these insights also match with CET and SDT. People want to achieve goals and this can motivate them intrinsically. If pay helps employees to achieve their personal goals, it does not

need to have a negative effect on intrinsic motivation, on the contrary. According to Gagné and Deci (2008) CET has not been helpful to improve performance. On the contrary, carefully designed rewards have a potential positive effect on motivation of employees. Gerhard and Fang (2014) summarize at a certain point: 'Employees may wish to succeed in their jobs and careers for both intrinsic and extrinsic reasons and these may not always be distinct in their minds.'

Following Gagné and Deci (2005) as well as Locke and Latham (1990), the quality of the reward is important. Gerhard and Fang (2014) refer to the meta-analysis of Patall, Cooper and Robinson (2008) that reveals that greater choice in goalsetting resulted in higher autonomy and intrinsic motivation. When employees have control over the reward, it is not being perceived as controlling and the positive effect of choice on the motivation may even remain in place. In a certain way, the extrinsic reward should be internalized such that it is perceived as being intrinsic.

### 2.2.5 Comprehensive performance system

An important critique on pay-for-performance and (individual) goal setting is that employees in today's business environment mostly operate in teams or groups. The results are interdependent, hence the motivational effects of goals will work out differently. To develop feelings of ownership, it may be necessary to differentiate goals and incentives, both at individual and group level. Organisations would like employees to focus on collective goals and not merely individual objectives which may contradict with the common interest. A typical problem is too much focus on quantity and a neglect of the quality. In the same way revenue may contradict with profit. Goals and thus performance indicators, need to focus on both objectives.

Organisations did learn to cope with ever more complex environments. Organisational results depend more and more on cooperation within teams. This brings gainsharing and profit sharing to the forefront. Linking bonuses or profit premia to the realization of specific goals of teams or the whole organisation overcomes a too narrow focus on individual goals. Linking reward to collective goals shouldn't be too difficult since a lot of these goals fulfil the SMART criteria. Companies not only keep track of financial objectives (profit, gross margins, cost parameters, etc. but more and more also qualitative parameters (absenteeism, sick leave, customer satisfaction, energy use, environmental indicators, carbon footprint, etc.).

Just like Bonner and Sprinkle (2002), Ittner and Larcker (1998) already pointed to inadequacies in the traditional performance management systems which did put greater emphasis on financial measures because they were easier to measure. They did suggest a correction

towards more and better nonfinancial measures, like for instance the balanced scorecard. Hanne Norreklit (1999) pointed out that traditional measures are not sufficient to reduce the gap between strategic plans on the one hand and the way the strategy is expressed in day-to-day actions on the other hand.

Carter and Robinson (2000) found that design choices are important: a reward scheme should be well designed with a set of comprehensive evaluation criteria that balances between short and long term considerations. It should be inclusive in bringing line managers on board as well as employee representatives in corporate and operational management. Open and transparent communication can eliminate biases and take away concerns about susceptibility and/or manipulations. In fact, this is all what participative entrepreneurship is about.

To be effective, a rewarding system needs to make sure that group dynamics support the feelings of psychological ownership. Group incentives like collective bonuses, profit premia or broad-based stock ownership can contribute to a kind of collective psychological ownership. Much depends on whether the incentives will make sure that strong members of a team will support weaker members. In this respect, Nancy Katz (2001) was interested in how to design group incentives that might encourage high performers to help weaker members, while simultaneously increasing weak performers' desire to improve their own performance. To do this, she tested 35 three- or four-member teams in an interactive simulation that provided opportunities for team members to both cooperate with and compete against one another.

According to Gerhard, Rynes and Fulmer (2009) the experiments did involve many of the conditions that characterize a management situation: dispersed information, time pressures, easily evaluated performance, and the need for collaboration. They sum up some features that determined whether this was the case (Gerhard et. al., 2009):

- When results and organisational outcomes can be measured easily;
- The tasks of different members of the team do not differ much from each other;
- Strong members are not able to make a difference on their own such that the contribution of the weak members is needed to reach the objective;
- Strong member do have enough time and the means to support or pull along the weaker members of the team

Beersma, Hollenbeck, Humphrey, Moon, Conlon and Ilgen (2003) engaged 75 four-person teams in a distributed decision-making computer simulation task. The results showed that teams rewarded on an individual basis did outperform others on speed, but, under-performed on accuracy relative to those rewarded on a team basis. In a follow-up research Johnson, Hollenbeck, Humphrey, Ilgen, Jundt, and Meyer (2006) found that performance is path

dependent. The way teams had been rewarded in the first round, did influence their performance in the second round.

More recently, Melnyk, Bitici, Platts and Andersen (2013) did ask whether performance measurement and management is fit for the future? They argue that today's turbulent business environment asks for revised measures and metrics (KPI's). Firms may revise their strategies but forget to adapt their performance management and measurement system likewise. They advise to recast the accepted relationship between strategy and PMM systems. They suggest that strategy and PMM systems need to be co-created to better reflect the business environment and business strategy. This co-creation process is again very typical for participative organisations. It suggests that financial and psychological ownership need to be pulled through to the organisational performance management system.

## 2.3 Translation to the Flemish context

### 2.3.1 Relevant questions

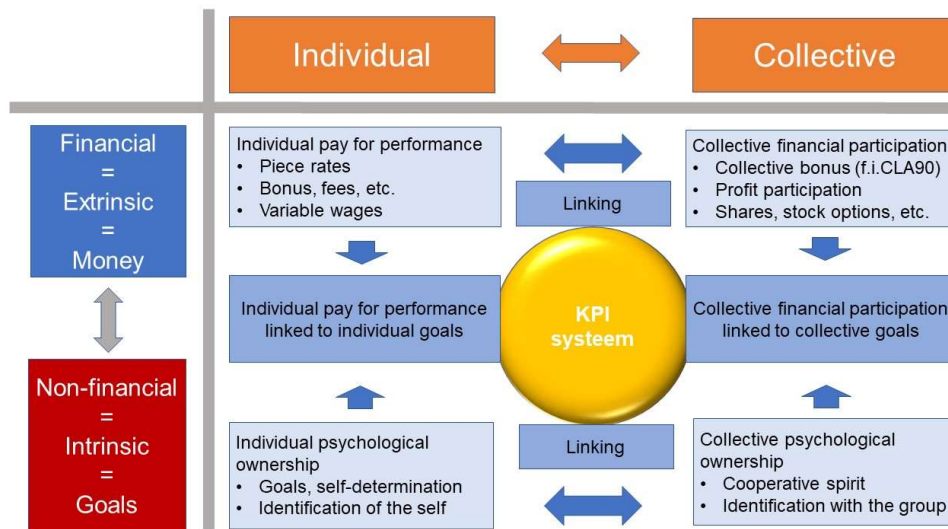
The context in the literature is quite relevant for the situation in Flanders. It has not a great tradition in employee stock ownership, but other forms of financial participation are very common. In the daily reality, one can see that pay, pay for performance, bonuses, etc. are still important building blocks in the reward structure of organisations

The evidence from the Flemish business sector supports the idea that financial rewards do not lead automatically to higher employee satisfaction and better organisational outcomes. The crucial questions often remain unanswered:

- how is the extensive motivational factor being perceived by the employee?
- How does the organisation make sure that the rewarding system is supporting ownership attitudes, both financially as well as psychologically?
- Is the performance system sound enough to use the strength of goals-setting and to take into account individual versus group-level differences.

Figure 1 summarizes the main insights from the literature overview in the previous paragraphs. Vertically, organisations need to think about the reinforcing effect of extrinsic with intrinsic rewards. Horizontally, individual and group reward should be complementary. Using the right individual and collective goals should make the performance management system congruent with the incentive schemes that are in place.

**Figure 1 – Horizontal and vertical linkages in the rewarding system**



Source: Based on Janssens, G. (2020). Zinvol belonen, ETION inspiratienota, April 2020.

### 2.3.2 Habituation effects and free-rider concerns

Regularly, in the Flemish business context, there are also complaints that financial participation schemes suffer from habituation effects as well as the danger of freeriding. Habituation refers to the problem that once a bonus or profit premium is being paid out, it becomes an acquired right. Employees do not automatically link the pay-out to the performance of the company in terms of profit or financial results. They expect that the bonus or the premium will be paid out every year. Habituation could be explained as a kind of motivational crowding out. When employees do not get the expected financial award, it becomes a demotivational factor (Cf. Herzberg).

This habituation effect underlines the importance of Figure 1. Business leaders should link financial performance to several organisational conditions and outcomes with a sound performance management system. Co-creation in the development process of this system is highly advisable, as well as an integration within the strategic framework. They need to communicate about progress of KPI's on a comprehensive and systematic way such that employees are aware about the conditions (Bittici, Bourne, Cross, Nudurupati, Sang, 2018).

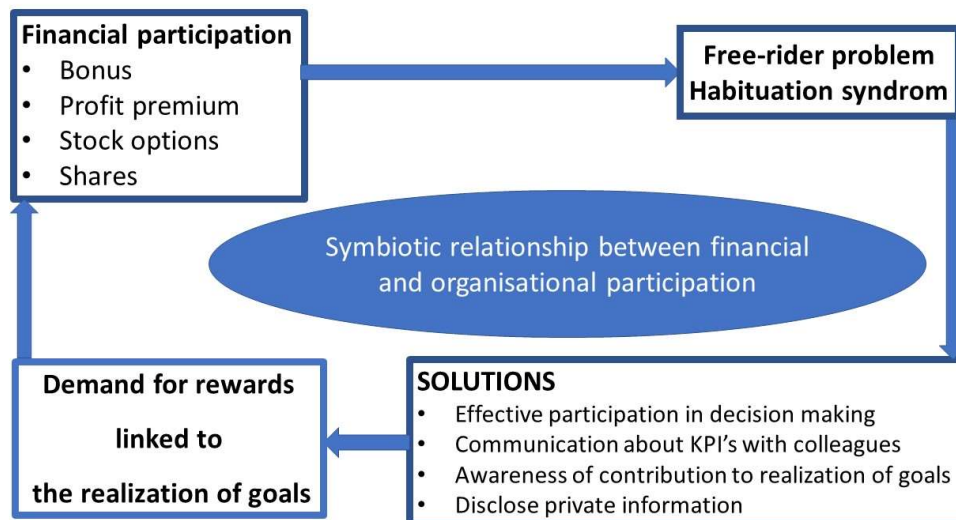
Consistent communication means:

- Employees and teams know which KPI's are being used in order to determine whether there will be a pay-out and if so, how high the bonus or profit premium will be;

- Employees and teams have a clear picture about their own contribution to the realizations of the relevant KPI's;
- Employees and teams receive regular updates with results and realization progress
- Employees and teams need to have the feeling that they are able to influence the outcome and the realization of the KPI's.

There is also a danger of freeriding, meaning that some employees benefit from the hard work of others without doing their best themselves (Kruse, D., 2016). This problem has been exaggerated but there is always a threat that freeriding might undermine the collective results and cohesion within a group. The abovementioned organisational settings in combination with a comprehensive performance management system can also help mitigate these problems.

**Figure 2 – Virtuous circle of financial and psychological ownership**

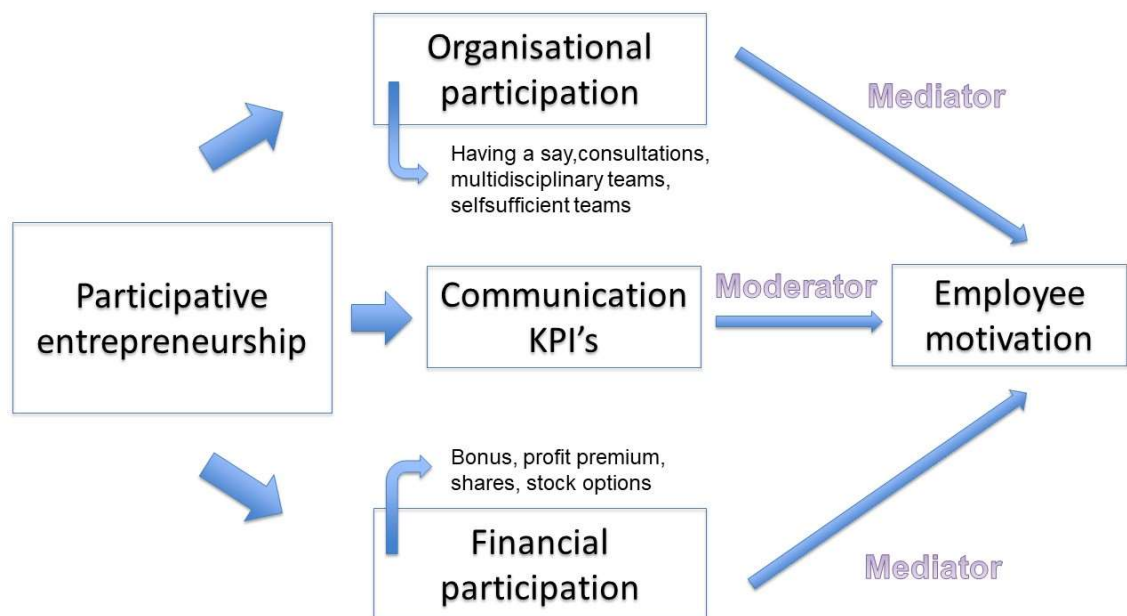


Finally, figure 2 shows that the symbiotic relationship between financial and organisational participation should be a virtuous circle. Financial participation might lead to several problems like the free-rider problem and the habituation syndrome. To avoid those, an organisation needs effective participation of employees in the decision-making process. Together with adequate communication about KPI's and awareness with employees about their actual contribution, this should support feeling of psychological ownership. Employees who are engaged, will ask for financial participation, once they realize what their contribution to the results of the company have been.

## 2.4 Theoretical framework

Bringing together the elements of the former paragraphs, results in figure 3 which depicts the surroundings of participative entrepreneurship. A participative approach (independent predictor) is supposed to have an influence on employee motivation (dependent criterion). Organisational and financial participation – themselves consisting of several different elements - are considered to function as mutually enforcing mediating factors, explaining the relation between a participatory approach and the employee motivation. Furthermore, the use of a sound KPI-system that is consistently linked to the participative approach and being communicated transparent are being considered moderators. They are supposed to make the relation between the predictor and the criterion stronger.

**Figure 3 - Participative entrepreneurship**



## Chapter 3 – Research design and methodology

### 3.1 Research design

A pragmatic research philosophy was chosen. The research approach is abduction using a mixed methods research design as methodological choice. More specific, a sequential explanatory research design was used where quantitative research was followed by qualitative analysis. The research strategy consisted of two surveys and several focus groups. The time horizon was cross-sectional. The techniques and procedures mainly consisted of descriptive and statistical analysis.

#### 3.1.1 Research philosophy

Following Saunders, Lewis and Thornhill (2012) the philosophy of this research could be described as pragmatic. They refer to multiple methods being increasingly advocated within business management research. One good reason is that you overcome weaknesses that are related to a single method. Another reason is that combining methods gives greater variety in the approach taken.

Watson (2011) refers to field study and ethnographic research that looks at how things in an organisation are being done. The concept of participative entrepreneurship may well rhyme with this pragmatic realist vision that provides good reasons to look at the way the real world works. It is not an easy and straightforward concept and there is much room for interpretation. Especially with respect to the day to day operations, the context is important and asks for a more interpretative design.

This also matches with the subjectivist approach that the objective aspects of management are less important than the way in which the managers themselves attach their own individual meanings to their jobs and the way they think that those jobs should be performed (Saunders et.al, 2012). This interpretation leaves room for a wider variety of participative business models and practices that exist throughout the Western world. Indeed, the business world and economics are not like physical sciences There are no laws like in physics. The social world is much more complex. Organisational procedures will not make up for that lack of determination.

This view also inclines to the interpretivist approach which advocates that it is necessary for the researcher to understand differences between humans as social actors (Saunders, 2012). In the social theory approach of Burrell and Morgan (1982) participative entrepreneurship would fit in the interpretative paradigm, combining subjectivism with regulation. Although

participative entrepreneurship can be a business model of radical change, in practice, most companies try to organise change from the existing state of affairs (regulation).

### 3.1.2 Research approach

A multiple methods research design was chosen, combining quantitative with qualitative data. The surveys were specifically designed for the purpose of testing a participative way of doing business. This implies a deductive research approach. However, discussing the results in several focus groups led to the development of new insights and refers to a partially inductive approach. Especially with respect to objective 3 (habituation and free riding) this led to a richer theoretical perspective. This makes the overall approach rather abductive.

### 3.1.3 Methodological choice

Quantitative and qualitative data were integrated in a multiple methods research design (Saunders et.al, 2012). Specifically, a double-phase design was set up. This dynamic approach made it possible to use insights from one phase (surveys) into the next (focus groups). Some questions within the questionnaires required a qualitative response or explanation. This led to a concurrent embedded design where the results of the questionnaires were discussed in focus groups.

### 3.1.4 Research strategy

This research is based on two pillars. Data were collected from two surveys as well as from several focus groups (see appendix 1). The data of two surveys assessed the presence and characteristics of financial and organisational participation in Flanders. The results were discussed within several focus groups of experts, entrepreneurs and business leaders from organisations that have a strong and proven participative reputation.

The surveys delivered quantitative and qualitative data. The questionnaires were filled in online, participants were invited to fill in the forms. Most of the data gathered were categorical, based on a Likert-like scale from 1 to 5; with 1 referring to 'total disagreement', 2 referring to 'disagreement', 3 as 'neutral', 4 as 'agreement' and 5 'as total agreement'. Some questions were open. During several focus groups with business leaders, the results of the surveys were discussed.

### 3.1.5 Nature of the research

Part of the research is exploratory. The literature was screened on relevant features of participative entrepreneurship and its success factors. In the surveys, open questions were

used and further discussed during the focus group sessions. Explanatory research was conducted when searching for statistical relationships between variables. The focus group discussion led to explanatory analysis of success factors, habituation effects and free riding.

### 3.1.6 Time horizon

The two surveys were taken in a different timeframe (2016 versus 2019) but the data were not quite comparable. This makes the analysis cross-sectional.

### 3.1.7 Techniques and procedures

A survey strategy allows one to collect quantitative data which one can analyse quantitatively using descriptive and inferential statistics (Saunders et.al, 2012). In addition, the data can be used to look for particular relationships between variables and to test their statistical significance.

#### 3.1.7.1 Descriptive statistics

Basic descriptive statistics will allow to display the presence of financial and organisational participation in Flanders. How many companies have share ownership plans, use the profit premium and/or utilize the collective bonus system (CLA90)? Do they combine these schemes with organisational participation techniques? What are the main obstacles to work in a participative manner?

#### 3.1.7.2 Correlation analyses

Correlations between variables give a first idea of meaningful linkages for further analysis. Especially in the second survey, cross-references were being looked for.

#### 3.1.7.3 Contingency analysis

Since most data are discrete, contingency analyses was used to search for statistically significant correlations; Pearson Chi-squared tests and Goodman and Kruskal's gamma were calculated (with STATA software). For data with only two classifying objects (2x2 contingency table), Fisher's exact measure was calculated as well.

- Pearson's Chi squared test is a statistical test applied to sets of categorical data to evaluate how likely it is that any observed difference between the sets arose by chance.
- Goodman and Kruskal's gamma is a measure of rank correlation and measures the strength of association of the cross tabulated data when both variables are measured at the ordinal level. Values range from -1 (100% negative association, or perfect

inversion) to +1 (100% positive association, or perfect agreement). A value of zero indicates the absence of association.

- Fischer's exact test is a statistical significance test used in the analysis of contingency tables. The test is useful for categorical data that result from classifying objects in two different ways; it is used to examine the significance of the association (contingency) between the two kinds of classification.

#### 3.1.7.4 Focus groups

Saunders et.al. (2012) refer to group interviews as a general term to describe all semi-structured and in-depth interviews conducted with two or more people. The term focus group is used to refer to those group interviews where the topic is defined clearly and precisely and there is a focus on enabling and recording interactive discussions between participants. In this research, and following (Krueger and Casey, 2009), meetings encouraged discussion amongst participants and the sharing of perceptions in an open and tolerant environment.

Participants were selected because they have certain characteristics in common that relate to the topic being discussed. The discussions were conducted several times, with similar participants, enabling trends and patterns to be identified. The focus was reassured by a moderator or facilitator.

- The focus groups that were used involved 12 to 20 participants, chosen using non-probability sampling, with the specific purpose in mind to discuss the results of the surveys as well as building further on earlier discussion in other focus groups.
- Most of the peer groups have a fixed but diverse composition (no competitors). Chatham rules apply to discussions.
- The approach is exploratory unstructured. Results of the surveys and some statistical outcomes were presented as a starter.
- Some groups were brought together on occasion (25 April 2019 and 13 February 2020). Discussion were in that case less confidential.

## 3.2 Ethical considerations

- ETION members who get a survey already agreed to do so when becoming members. They respond anonymous but participants have the choice to reveal their identity in which case they receive a copy of the results.
- The respondents via Acerta are preselected participants who agreed to be member of a panel.

- Focus group: in cooperation with the companies, it was ensured that participants know that their participation is entirely voluntarily and the results will be treated confidentially.

## Chapter 4 – Findings and discussion

### 4.1 Findings

#### 4.1.1 Participative entrepreneurship in Flanders

##### 4.1.1.1 Data collection and demographics

Two surveys were conducted (more detail in appendix 1). The first survey was filled in by 320 respondents. The second by 324 respondents. The respondents were business leaders of companies in the region of Flanders (Belgium). Most of these companies were family-owned SMEs. The typical company employs 50 persons or more, in a wide variety of sectors. Most companies had local parents; approximately a quarter are foreign owned. The results of the surveys were checked in several focus groups.

##### 4.1.1.2 Financial participation

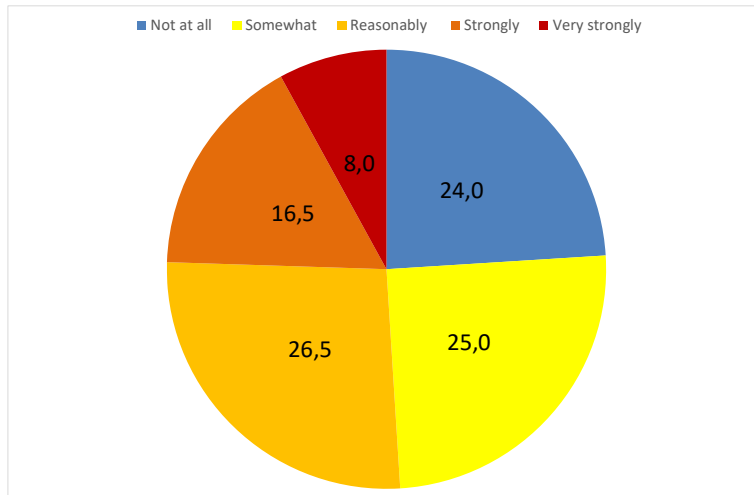
In the first survey (June 2016), 47% of the companies had some kind of participation scheme in the results or profit of the company. Within this group of companies:

- The bonus system took a share of 67,2%
- Stock option's share was 14,2%. In most cases, however, these options were reserved for a small group of staff members or key employees.
- Profit participation took a share of 12,1%
- Stock participation took a share of only 4,5% of the companies.

Consistent with these figures, is the observation that a large majority of the respondents was not familiar with the different financial participation schemes at disposal. Especially, the knowledge of legal instruments to set up stock participation was very limited. Only 5% of the respondents were familiar with the participation law of Mai 22, 2001. Only 1.4% of the respondents were familiar with article 609 of the business law that allows to conduct a fiscal friendly capital raise reserved for employees. The Monory-bis legislation which allows employees to fiscally deduct part of their own contribution to acquire company stock, was also not well known: only 5.5% of the respondents were familiar with the existence of this deduction treshold. With the stock option scheme 22.8% of the respondents were familiar.

The second survey (March 2019) confirmed the presence of financial participation in the results of the company. Figure 4 shows that more than half of the respondents declared the use of any participation scheme, including bonuses. Including the answer option 'somewhat', the presence rate even climbs to 3 in 4 companies.

**Figure 4 – Relevance of financial participation (second survey, March 2019)**



Source: ETION / ACERTA survey (March 2019)

Looking into more detail, table 1 confirms the observation from the first survey that financial participation mainly is a matter of paying out bonuses. Of the 200 respondents, 54.5% declared that they use a collective bonus plan (CLA90). Other bonus schemes were also much in place (47.0%). Interestingly, the profit premium, which only came into place in 2018, was already used by 15.5% of the respondents.

In comparison with the presence rates of bonuses, company share plans (16.5%) and stock option schemes (11.0%) were much less often used. The warrants system seemed to be quite popular with a presence rate of 29%. This warrant system, though, does not link employee rewards to the results of the own company but to the results of a broader index of companies. Therefore, these warrant schemes are not considered to be a reliable indicator of participative entrepreneurship. Just like in the first survey, capital raise under the umbrella of article 609 of the company law is hardly used: only two companies in the sample make use of it (1%).

Table 1 also sheds some light on the duration of the schemes. Bonus systems have a long tradition. The majority of the CLA90 plans were introduced during the past 6 years; 15% did since more than 7 years. There is quite some overlap between the CLA90 and other bonus systems:

- 31.0% has both a CLA90 and another bonus plan.
- 23.5% has a CLA90 but no other bonus plan.

- 16% has a bonus plan but not a CLA90.
- 29.5% has none of both.

This means that 7 in 10 companies have a least one of both bonus plans.

**Table 1: Financial participation in Flemish companies (percentage presance)**

	Yes, of which	<1 year	1-2 year	3-6 year	7-15 year	>15 year	No plan	obs = 200
CLA90	54,5	2,5	8,0	27,0	15,0	2,0	45,5	100
Bonusplan	47,0	3,0	6,0	9,5	13,5	15,0	53,0	100
Warrants	29,0	3,5	6,0	8,5	8,0	3,0	71,0	100
Profitpremium	15,5	9,0	6,5	0,0	0,0	0,0	84,5	100
Shareplan	16,5	3,5	3,0	5,0	2,5	2,5	83,5	100
Stock options	11,0	1,0	1,5	3,5	1,5	3,5	89,0	100
Capital raise	1,0	0,0	0,5	0,5	0,0	0,0	99,0	100

Source: ETION / ACERTA survey (March 2019)

- *Note that the presence rates add up to more than 100% since companies may have different schemes in place at the same time.*

#### 4.1.1.3 Organisational participation

The first surveys revealed the presence of several participative practices:

- 85% of the respondents (managers or management level) declare that employees have a say in organizing their own work
- 60% is working with self-coaching teams
- In 50% of the companies, employees have a say at board level or can, at least, participate in a constructive way at discussions about bigger strategical choices.
- In 40% of the companies, employees are able to evaluate their superiors.

The second survey confirms these observations broadly. Figure 5 shows the relevance of several organisational participatory practices. Firstly, the definition of organisational practices needs somewhat more explanation. They concern:

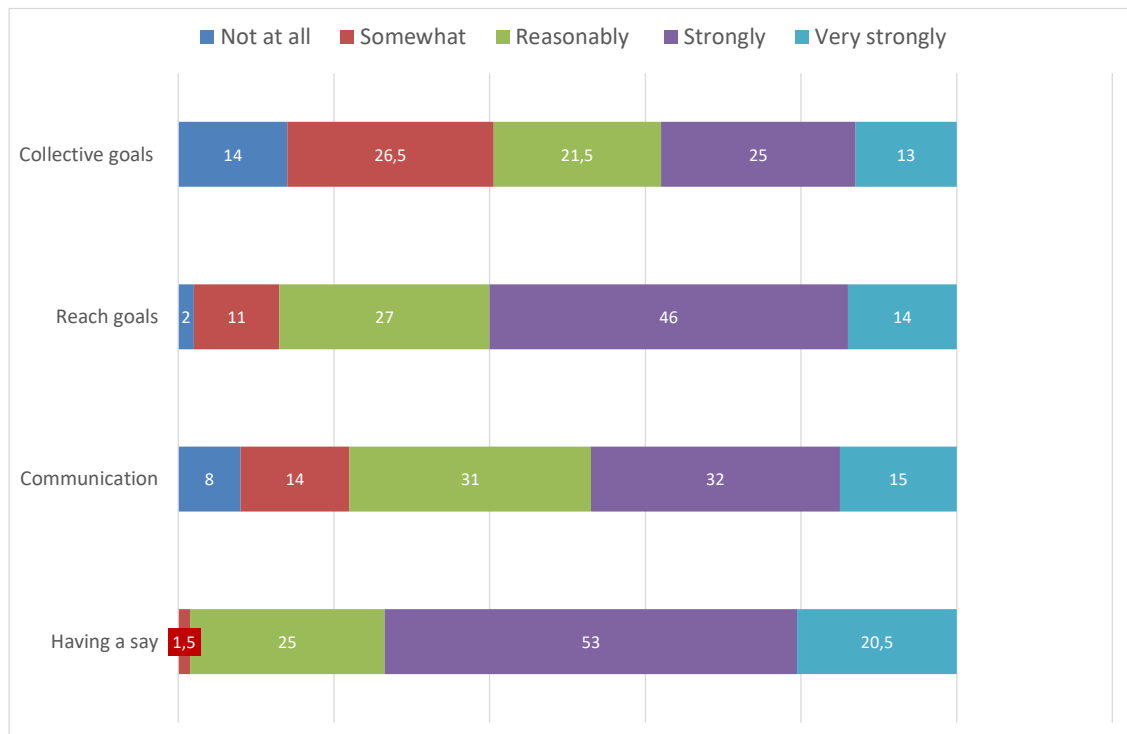
- Collective goals: employee compensation is linked to collective goals
- Reach goals: the company consults employees to reach goals
- Communication: employees are being informed about financial results
- Having say: to improve efficiency, the company considers ideas of employees

Main observations:

- All respondents give employees a say in the daily operations. Likewise,

- almost every company consults its employees in the process of reaching goals but for more than 25% there is still room for improvement.
- This room for improvement also applies for 22% with respect to the communication about the financial results.
- In 2 on 5 companies, employee compensation is often not or weakly linked to collective goals. This certainly is a major point of attention.

**Figure 5 - Organisational features of participative entrepreneurship (percentage)**



Source: ETION / ACERTA survey (March 2019)

Participants were also asked about the way they stimulate the sharing of ideas within the organisation (figure 6). It appears that giving employees a direct say on the floor has the highest number. Consultations with supervisors are second in row. Few companies give employees a place in the board. It seems that discussions about strategic issues are being held in specific ‘strategic discussion meetings’ (48,6%).

**Figure 6 - How is sharing of ideas being stimulated (percentage presence)**



Source: ETION / ACERTA survey (March 2019)

#### 4.1.1.4 Combination of financial and organisational participation

##### 4.1.1.4.1 CORRELATION ANALYSIS

Appendix 2 contains the correlation matrix between all the categorical variables of the second survey. Figure 7 tries to bring some combinations of variables with high correlations together in a meaningful way and is a further development of figure 3 in chapter 2 but with more detail. Mainly the highest (positive) correlations were given. Interactions between variables were indicated with lines with the values of the correlations coefficients between brackets.

- Although correlations do not say anything about causality, neither the direction if it exists, the variables highlighted in green colour could be considered as outcome variables: employee engagement, employee satisfaction and employee retention (with a correlation of 77% between the last two being the highest correlation in the pack) are the indicators that an organisation would like to enhance.
- The variables highlighted in blue on the left hand-side refer to those of figure 5 where the organisational features of participative entrepreneurship were discussed. The variables in blue on the right hand-side are the answers to the question 'how is the sharing of ideas being stimulated' (figure 6). The correlation between the variable with the highest presence ('direct say on the floor' in figure 6) showed poor correlations

with the other variables, as well as with the outcome variables (range 0.08 – 0.13). Therefore, that variable was omitted in figure 7. All the blue coloured variables can be considered as exposure variables or organizational mediators: they are supposed to influence the green outcome variables. In this survey, employee satisfaction seems to correlate highly with ‘having a say’ and ‘strategic discussion meetings’. Employee engagement correlates with ‘involvement reaching goals’, ‘linking pay to reaching goals’, ‘strategic discussion meetings’ and ‘self-sufficient teams’. Employee retention is linked with ‘strategic discussion meeting’ as well as with ‘having a say’ (0.30; this number and the link were not indicated for reasons of clarity).

- Also ‘financial participation’ can be considered as a mediator but to distinguish it from organisational factors, it was highlighted in red colour. It correlates highly with ‘linking pay to goals’ and, not surprisingly, several instruments of financial participation, some of which were depicted just for the record.
- Of specific importance is ‘communication about financial results’, highlighted in orange. It highly correlates with so many different mediators (lines in orange) that it might be considered as a kind of moderator between the features of participative entrepreneurship on the one hand and the outcomes in terms of employee satisfaction, engagement and retention on the other hand.
- Finally, ‘linking pay to goals’ (i.e. collective goals) correlates with profit and revenue as a KPI (grey colour). These variables are rather instrumental and can be supposed to enhance the links between the other mediators. The correlations of the other KPI-variables were rather low and, thus, omitted.

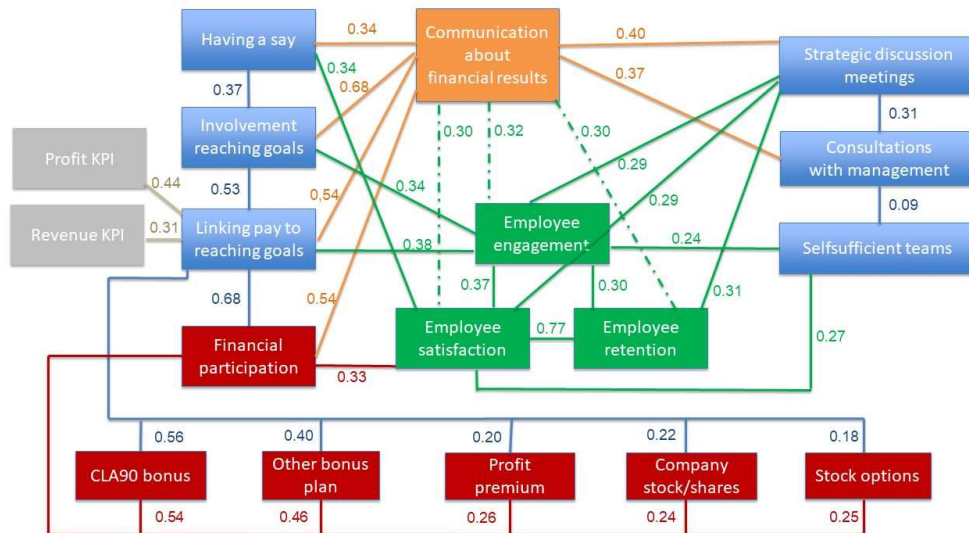
To summarize, the high mutual correlations between the variables ‘linking pay to goals’, ‘financial participation’, ‘involvement reaching goals’ and ‘communication about financial results’, suggest that the respondents in the survey link these elements to each other in a meaningful way.

#### 4.1.1.4.2 CONTINGENCY ANALYSIS

Checking the statistical significance of the correlations between variables, a contingency analysis was conducted calculating Pearson’s Chi-square as well as Goodman and Kruskal’s gamma as a measure of association between two variables. Appendix 3 shows the results of the contingency analyses for several combinations of variables. Mainly, the combinations with the highest (Pearson) correlation coefficients were checked. Appendix 3 also sorted the results of the contingency analysis according to the gamma factor, which is also an indicator of correlation.

Most of the correlations are statistically significant at a level of 99%. Some are significant at 95% (orange). Those in red are not significant. Looking back at figure 6, all of the links that were mentioned in paragraph 4.1.3.1 were significant at a 99% significance level. Interestingly, all the values for gamma were positive and quite high, supporting the proposed positive associations between the variables (also in appendix 3).

**Figure 7 - Correlations between variables**



#### 4.1.1.4.3 DISCUSSIONS IN FOCUS GROUPS

##### Participative entrepreneurship

Participants in the focus groups (introductory sessions which discussed the first survey) stated they did have some form of organisational participation and confirmed the results of the survey. Employees having a direct say on the floor in organizing their own work and the use of self-sufficient teams are commonplace. The fact that these two variables do not statistically correlate stronger or more significantly with other elements of a participative approach, should not surprise. They are too commonplace and evident to be distinctive enough for a participative approach. Discussions in the focus groups with respect to the second survey confirmed this vision but also revealed that business leaders do not always systematically link organisational with financial participation. The statistical results show that ‘financial participation’ does correlate significantly with ‘communication about results’, ‘strategy discussions’ and ‘self-sufficient teams’ (see appendix 3). However, with ‘direct say on the floor’, ‘consultation with supervisors’ and ‘multidisciplinary teams’ the correlations were rather low and not significant. There is room for improvement.

## Ownership

It was also stated that the concept of 'ownership', whether financially or organisationally, is not really alive in the perception of business leaders. Participative entrepreneurship is a nice theoretical concept but still needs a lot of explanation. This probably explains why communication about financial results may indeed be an important moderator in enhancing the mediation effects of variables like having a say, involvement reaching goals, linking pay to goals and financial participation itself.

Moreover, discussing the meaning of 'having a say', revealed that organisational ownership itself is quite a complex issue. There are many different ways to give employees a say and influence in decision making. The German model of codetermination, with union representation at board level, is not well established in Flanders. Most companies work with indirect representation via trade unions. Some companies circumvent this approach by installing informal or shadow boards with the directors being employees. These shadow boards serve as an advisory platform to the legal board and are genuine instruments of creating an ownership culture.

## Stock options

Discussions also revealed that stock options are often used for a small group of key employees with the eye on both succession or retention. The possible disadvantage in the Belgian system that taxes have to be prepaid, i.e. when acquiring the options, was questioned. When after a few years the options appear to be worthless, the tax is not refundable. It was being debated whether this really is a disadvantage. To some, the prepayment works like a kind of self-selection. Why would employees not be prepared to pay the taxes in advance? Don't they trust the process? Do they lack confidence in the commercial future of the company? Do they lack confidence in their own professional or managerial capabilities to write a successful future?

Participants of family owned companies did admit that stock options plans were often used to reward the external injection of capital. That publicly listed firms make more use of stock options can be attributed to the fact that valuation is easier and more intersubjective than in privately held firms. Although, representants of the latter claim that company auditors have reliable valuation tools to overcome this problem. The DCF (Discounted Cash Flow) technique appeared to be used quite often. Mutual call and put options are used to make sure that stock holdings do not dilute when employees leave the company.

#### 4.1.1.5 Effects on motivation

The respondents in the first survey believed that a participative way of organizing, has many positive effects on the organisational outcomes. For instance,

- Creating a spirit of cooperation (78,0% of the respondents reported this).
- Engagement and motivation(76,6%)
- Stimulating creativity (67.1%)
- Creating a culture of ownership (40,8%)

Besides those positive effects, the motives of managers or business leaders to choose for a participative approach were:

- Efficiency and productivity enhancement (57,5%)
- Financial participation as a kind of variable pay (51,6%)
- Making more profit (41,4%)

In the second survey, the motivational outcomes were captured by the variables in green colour in figure 7. Figure 8 shows that a large majority confirms the impact of participative entrepreneurship in generating a positive effect on the outcome variables.

**Figure 8 - Effect of participative entrepreneurship on outcome variables (percentages)**



Source: ETION / ACERTA survey (March 2019)

#### 4.1.1.6 Possible obstacles

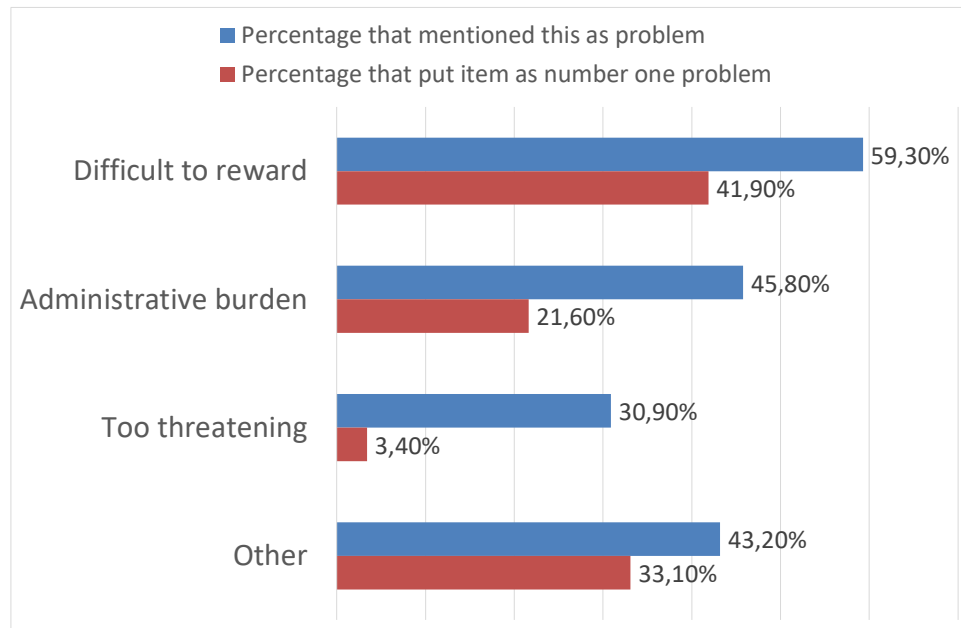
In the first survey, respondents were asked for possible obstacles to choose for financial participation of employees. The list below shows that cultural change within companies was mentioned as the biggest obstacle. Fiscal and legal frameworks also seem to create a lot of problems.

- Cultural change within companies (80.5%)
- Fiscal deductions of implementation costs for companies (70%)
- Improvement legal schemes (70%)
- Expertise and exchange of experience (67%)
- Deduction of administrative and implementation costs (56%)

In the second survey, respondents were asked to indicate possible obstacles that hamper them to actively engage employees in reaching company goals (reach goals). Figure 9 reveals that:

- 59.3% of the companies have difficulties in setting up an adequate rewarding system to do so. More than 2 in 5 even mentioned this as a number one obstacle.
- 45,8% refers to administrative burdens as an important obstacle; to 21.6% it is the number one problem.
- 30.9% of the business leaders thinks that consultation of employees might be too threatening. Though, this item was only mentioned by 3.4% as the number one problem, this still is a large proportion and needs further investigation.
- Among the other items mentioned: too time consuming, role of social partners (unions), management doesn't support this way of working, etc.

**Figure 9 - Possible obstacles to engage employees in reaching goals**



Source: ETION / ACERTA survey (March 2019)

When discussing these obstacles in the focus groups, it appeared that many companies clearly lack tools and experience to introduce (more) elements of participative entrepreneurship.

Several reasons were mentioned:

- Confidence in the success of participative entrepreneurship is underlined but Flanders lacks a tradition and there is not yet a strong culture of ownership. Managers believe in the potential positive effects on motivation and organisational outcomes, however, there is clearly a lack of experience and proof in terms of KPI's.
- Modern HR practices are well in place: having a say on the work floor, self-supporting teams, supervisor evaluation and 360 degree feedback systems. These practices are, however, not automatically linked to a participative approach.
- The bonus system (CLA90) is widely used but participants agree that the implementation should be more adequate to reap benefits in terms of efficiency and productivity. Here also, the link with participative entrepreneurship as a framework, is not made automatically. This way, companies might miss some of the synergetic benefits of a comprehensive approach.
- The legal system in Belgium does not provide an adequate framework for financial participation; especially for participation in stock, the framework is too complex and not well supported fiscally. In fact, barely anybody is familiar with the legal framework in place at the time.

- Although good financial results seem to correlate with financial participation, participants do believe it works the other way around: participative entrepreneurship is a way to improve efficiency and productivity which, on his turn, will lead to better financial results.
- For most companies, financial participation is not the prior concern, however, probably because of the complexities involved. It is more like the icing on the cake.

Of course, it is always of interest to have a more advantageous fiscal and legal framework, but the participants also stressed the need for mental change on all levels.

- What lacks is a comprehensive system and exchange of experience, expertise, and best organisational practices.
- There is a need for cultural change within companies. It is indicative that companies under foreign supervision have significantly more often collective bonus systems and stock option plans.

Again, specific observations with respect to stock options were made:

- The legal system for stock options, on the contrary, is very flexible and from a fiscal point of view very interesting.
- The fact that taxes have to be prepaid, is an ideal test to check employee's willingness to take responsibility and show entrepreneurial spirit when becoming a shareholder.
- Several SME's experiment with schemes that offer a bonus that can be used to buy stock options of the company right away. This combination circumvents the fiscal and legal disadvantages and seems to be very fruitful when setting up a participative approach.

#### 4.1.2 How to avoid habituation and freeriding?

##### 4.1.2.1 Need for cooperative culture

Given the obstacles, it becomes clear that given the legal and fiscal framework, the success of a participative approach highly depends on a cooperative organisational culture. To avoid the negative effects of freeriding and the possibility of habituation, the focus groups stressed the importance of developing strong feelings of psychological ownership towards the organisation. This culture is needed to avoid freeriding. To reap the benefits of a participative approach, employees need to line up as a team. Otherwise, they will not go through fire and water for each other. The participants also admitted that this is a difficult task because you don't change the culture overnight. The lack of participative culture also explains why financial participation may fail to inhibit strong feelings of ownership, even if it consists of genuine and substantial

stock participation. Before employees start to think and behave like real owners, a long road needs to be travelled. Flanders has no tradition with financial participation and employees think in terms of contradiction (Cf. agency theory).

Underpinning organisational ownership with instruments of financial ownership can be helpful but needs to be carried out very carefully and consistently. The experience with the widely used bonus system CLA90 has been useful in that respect. It has learned that bonuses are often perceived as acquired rights and not automatically as conditional benefits (habituation). Bonuses are too often perceived as another kind of wage benefit, unconditional with respect to the results of the company. Though, bonus plans need to be approved by the Ministry of Finance that checks conditionality based on several collective KPI's (revenue, profit, absenteeism, accidents, environmental indicators, etc.), too often the realisation of these KPI's is being considered as a formality. This undermines the motivational effects of the system. Bonuses merely become a substitute for wages.

#### 4.1.2.2 Profit premium as a test case

Discussing the introduction of the profit premium in 2018, the participants in the focus group did welcome it as a major administrative and fiscal friendly simplification of the law of 22 Mai 2001. At last, profit participation could be introduced on a large scale. Finally, the combination of organisational and financial participation could be implemented at an administratively friendly way. Making the profit premium to a success, though, would require to learn from the mistakes made with the bonus systems (especially the CLA90). Discussing the features of the new profit premium, some interesting lessons to learn were put forward.

Combining these with lessons learned after the introduction, the virtuous circle between organisational and financial participation as depicted in figure 2 in chapter 1 seems to be confirmed. These broader do and don'ts were withheld:

- Without changing the culture within organisations, it will be difficult to find common ground between employees, the management and the owners. Other than with the bonus plan (CLA90 in specific), the profit premium has a big advantage that the unions do not have to endorse the participation plans. In the past, this led too often to old fashioned thinking with unions and employers focusing on opposing interests instead of searching for the common ground that participative entrepreneurship is all about. This way of thinking certainly stimulated freeriding and habituation.
- Companies that use the profit premium merely as a fiscal instrument to save wage costs, will not get the expected benefits in terms of organisational outcomes. Given the experience of fast habituation with the bonus CLA90, companies should make sure

that on the one hand the profit premium will not be perceived as a one shot and on the other hand, that the realization will not be presented as a done deal. There needs to be a genuine challenge.

- Strong organisational practices need to be put in place (KPI system, communication, processes). Employees need to have a clear picture on the KPI's that will determine whether the profit premium will be paid out. The profit premium, though, has one big advantage. The link with the profit of the company is much clearer than is with the bonus system where being profitable is not necessarily a pay-out condition. It is much easier to make employees aware of the link between reward and reaching the objective when profit is being one of the main targets to be achieved. That challenge needs to be expressed by a clear link with a profit indicator and this link should be announced beforehand. Though the payment is a unilateral decision of the general assembly, it is recommended to create a comprehensive framework that depicts the contours of that pay-out. The possibility of a profit premium pay-out should be announced a year beforehand and should not come as a surprise. A comprehensive KPI system that will determine what the general assembly will be advised to do, should be installed.
- It is also highly recommended that companies communicate intensively and periodically about the financial and global situation. Is the organisation well on the way to reach the goals such that the general assembly can be advised at all to pay out the profit premium? These questions need asked and answered permanently. Employees need to be aware of the current state as well as the forecasts. This also applies to the trade unions who are not in favour of financial participation fearing the risk that in the long run bonuses might replace part of the common wage compensation which is much more stable and less variable. Unions intensify the habituation effect by propagating the bonuses and profit premia as being acquired.
- Employees do not only need information about the current situation based on objective and verifiable (SMART) indicators, they also need power to influence the result, i.e. the level of profit. If the pay-out of a premium depends on reaching a certain level of profit, it is key that employees have the feeling that they can influence that outcome. Otherwise, they will not be motivated to improve efficiency or productivity.
- The last element supposes that employees have a clear view about the way profit is being generated and in what way they contribute to it. Employees need degrees of freedom to make a difference: having a say on the way things are organised on the floor and being able to make work improvement suggestions, stimulate motivation

and engagement. Being able to take part of consultation meetings with management and strategy discussions are part of that process. It creates genuine feelings of ownership.

To conclude, when all these conditions are fulfilled, there is much less chance that habituation effects settle in as well as freeriding. When employees know that there is something at stake when colleagues shirk, social discipline and social control takes over. The combination of financial participation with organisational ownership is also key. That combination leads to positive group dynamics that avoid negative externalities like freeriding and habituation. It will create a feeling of psychological ownership and make sure the virtuous circle of figure 2 sets in.

Though, this research was not concerned with aspects of leadership, it also became clear that leadership is an important condition of success. The style of leadership needs to match with a participative culture. Employees need to feel safe to take responsibility, to execute their freedom of speech or initiative and to fully take ownership of their jobs. Autocratic leadership or top-down decision making does not fit with practices like 'having a say', self-supporting teams or a participative culture. Financial participation alone will not make up for that lack of organisational context.

## 4.2 Discussion

Financial participation has the potential to create an environment where the interests of employees are aligned with those of management and the business. Share ownership, however, still remains the exception in Flanders. Especially broad-based employee ownership in the capital of a company is the exception. The presence of share ownership confirms the observation of Poutsma et.al (2017) that direct stock participation is less common in continental Europe. Flanders, indeed, has not a big tradition in employee ownership. Apparently, the participation law of 22 Mai 2001, which provides the main framework for employee share ownership, was too complex or not attractive. Only a handful of companies used it.

This research had to concentrate on other forms of financial participation. The attractive system for collective bonuses (under the Collective Labour Agreement, i.e. CLA90) was introduced in 2008 and has since been widely used. In 2018, the legislation of 2001 was adapted with a new profit participation scheme, the so-called profit premium. Interestingly, both the bonus CLA90 and the profit premium are collective schemes, either broad-based for all employees or modulated for categories of employees (egg. white or blue-collar, separate teams or entities, ...). They are also fiscally stimulated with lower tax rates and lower social

security contributions than individual bonuses or classical labour compensation. The fact that the schemes are broad-based makes them relevant from the viewpoint of financial participation. A third instrument are stock options. These are often individually assigned and complete the toolbox of financial participation in the Flemish context.

The statistical analysis confirms that companies use both financial and organisational forms of participation. This goes with the observation of Gerhart and Fang (2014) that self-determination theory (SDT) does not necessarily conflict with extrinsic motivation and was confirmed in the focus groups. The discussions reveal, however, that business leaders are not enough aware of the possible synergetic effects and the genuine distinction between several forms of ownership. Ownership in its double dimension, as described by Pierce et.al (2004) and Van Dyne and Pierce (2004), is not automatically recognized. Focus group discussions also reveal that business leaders only recognize the real meaning and importance of ownership when actively invited to think about it thoroughly.

Nevertheless, the statistical analyses and the discussions revealed that organisational culture is an important driver of the success of a participative approach. This supports the view of Pierce and Rodgers (2004) as well as Dube and Freeman (2010) who suggest that organisational participation might even be more important than financial participation itself. Figure 7 at least suggests that employee satisfaction and engagement are linked to financial participation as well as several organisational settings. This is also in line with the work of Cerasoli et.al (2014) who found a strong complementarity between shared compensation and decision making systems.

Another interesting observation is that if companies want that employees develop feelings of financial ownership, bonus systems are not an ideal instrument since they do not give direct claim to the profit and future value of the company. This opens the door to habituation effects that on their turn can lead to motivational crowding out. Deci and Ryan (1985) and Ryan and Deci (2000) refer to external forces or factors that influence the perceived competence of the individual. When focussing too much on external motivation (f.i. bonus) the intrinsic motivation could be crowded out. It might be interesting to further investigate this possibility in future research.

For bonuses to work adequately, goals setting is a possible solution. Bonner and Sprinkle (2002) stressed the importance of goals setting. Carter and Robinson (2000) mentioned design choices and Melnyk et.al. (2013) refer to today's turbulent business environment which asks for strong performance management systems. Our analysis confirms the importance of these organisational settings (KPI system, communication, processes). Participative entrepreneurship

requires that employees have a clear picture on the KPI's that will determine their financial gain and at the same time need the levers to change the outcome. That requires having a say and being able to influence policy (consultation with management, strategic discussions, self-supporting teams, etc.). This is also in line with SDT because it means that employees need to have a certain degree of autonomy, either to act or to enhance their competences.

The fact that besides the fiscal and legal framework, organisational culture is perceived as the biggest obstacle hindering the implementation of participative entrepreneurship, is therefore no coincidence. Obstacles that hamper active engagement of employees in reaching company goals were also mentioned in the second survey. Companies experience difficulties in setting up an adequate rewarding system to do so. Together with the administrative burden, it is a major problem to set up a coherent participative scheme.

Finally, organisations should not forget that a comprehensive communication and KPI-system cannot compensate for a possible lack of trust within the organisation. Ozler et.al. (2008) stressed the relationship between similarity and partnership. Psychological ownership rests on common values which generate feelings of possession towards the organisation. This results in moral values, reciprocal rights and liabilities and behaviour of organisational citizenship. Overcoming the danger of free riders asks for such strong moral commitments. Old school management methods which are rooted in the old-fashioned social climate of opposed interests risks to conflict with this organisational trust building. A bonus, a profit premium nor stock participation will compensate for the lack of common values, not even if it is well designed. It may take several years to overcome this opposition and to change the culture of a company in the direction of participative entrepreneurship. But those who did, are happy to have done so. This is something the participants of the focus group did agree on unilaterally.

## Chapter 5 – Conclusions and recommendations

### 5.1 Conclusions

Regarding research objective 1, the conclusion is that participative entrepreneurship is quite prevalent in Flanders. Almost half of the respondents in our surveys had some kind of participation scheme in the results or profit of the company. The bonus system took the bulk of the share. Profit participation is well on its way to take its place but has only been introduced in 2018, so it too early to judge its prevalence in a wider context. A large majority of companies did indicate, however, that they are not familiar with the different financial participation schemes at disposal.

With respect to organisational participation, a majority of the respondents use several participative practices. A say in daily operations is commonplace; consultations in the process of reaching goals, likewise. There is however room for improvement with respect to communication about financial results.

Regarding research objective 2, high mutual correlations were found between 'linking pay to goals', 'financial participation', 'involvement reaching goals' and 'communication about financial results'. Respondents to the survey seem to link these variables to each other in a meaningful way. The contingency analysis confirms these linkages. The results support the idea that by combining financial with organisational participation, companies can construct a participative business model that builds on the idea of developing a sense of employee ownership. The discussion in the focus groups supports this idea. Combining financial with organisational participation can be a strong cocktail to motivate employees and to enhance organisational outcomes.

The view that financial and organisational participation are both sides of the same coin, seems to be confirmed by the Flemish business reality. Companies use both financial and organisational forms of participation and they seem to support each other. Even with a lack of financial participation in terms of share ownership, the participation schemes via bonuses and more recently the profit premium, are strong enough to generate positive effects on employee satisfaction, engagement and retention. At least, this is what managers and business leaders do seem to believe. Because the collective bonus system (CLA90) has been widely used since many years (in fact since 2008), it did generate a lot of experience within the Flemish business community. And because it is a collective system which is linked to collective goals, it has been useful to draw interesting lessons with respect to the usefulness of financial participation.

Regarding research objective 3, it is important to notice that bonuses and financial rewards are indeed prone to habituation effects and free riding. Especially habituation has been a major concern within the Flemish business community. Free riding is related to the habituation effect. It refers to the fact that employees might shirk and rely on colleagues to meet the collective targets that lead to the pay-out of the bonus. Furthermore, bonuses are easily regarded as an alternative form of wage compensation, probably because they do not give a direct claim to the profit or future value of the firm. Employees, and the trade unions in specific, have been showing a tendency to perceive the collective bonuses as a vested right. To avoid this habituation effect, it is important that the financial participation is embedded in a strong organisational structure and cooperative culture. A comprehensive set of SMART KPI's and clearly communicated goals are the indispensable foundations of a sound participative business model: it is not a coincidence that 'linking pay to goals' and 'involvement reaching goals', 'having a say' and 'financial participation' are linked together statistically. A participative approach needs to be supported by clear communication about the financial results.

At the end of the day, employees need to know why a bonus might not be paid out and they need to be able to anticipate on this event. Even more, they need to sense ownership in such a way that they believe that they can influence the outcome to make sure that the pay-out does become eligible. This requires a participative culture and spirit that needs to be supported by organisational practices such as having a say, being able to take part in strategic discussions, consultations with management and working with self-sufficient teams.

A final conclusion is that the concept of ownership is rather vague and not always recognized as a genuine feature of a participative approach. Business leaders are not enough aware of the different forms of ownership and the possible synergetic effects of combining financial with organisational ownership. The reason for this may be that in Flanders, financial participation is mainly reduced to collective bonuses and profit premia. Without broad-based stock participation, a real sense of ownership is much more difficult to establish.

## 5.2 Recommendations

Participative entrepreneurship is an interesting and promising business model, especially in today's environment of disruption and fast changing needs. Younger generations are much more sensitive to organisational culture and are looking for purpose. They work to live and do not live to work. If companies want to attract and retain talent, they need to rethink their organisation thoroughly. Some superficial window dressing will not be enough. Likewise, financial participation cannot make a difference on itself. In line with CET and SDT it may well

destroy intrinsic motivation if it is not embedded within a supportive organisational structure. It is good to keep in mind that organisational culture is a complex factor that is not easily changed. Future research should help determine the good practices in that respect.

Another point of interest, especially in Flanders and probably also the rest of continental Europe, is the role of the unions in creating a participative culture. The focus groups revealed that Flemish and Belgian trade unions are quite opposed to employee financial participation. They intensify the habituation effect by presenting the bonuses and profit premia to their members as done deals, putting pressure on management to pay-out the proceeds regardless of the achievement of goals or objectives. Since financial participation plans are submitted at the Ministry of Work, it is worth investigating whether this leads to sloppy and easy to achieve targets.

A possible shortcoming of this research is the selection bias. There are clear indications that the respondents of the surveys as well as the participants in the focus groups are advocates of a participative approach. Though, this might put some doubts about the representativity of the research, this bias at least has the advantage that experience experts shared their visions and ideas. The research showed how business leaders experience participative entrepreneurship and how they assess its practical merits and shortcomings. It is at least good to know that the respondents in our surveys believe that a participative way of doing business has many positive effect on organisational outcomes like the spirit of cooperation, engagement, motivation, retention, creativity, etc.

This brings us to a second and more profound point of critique. It is very useful to know the opinion of business leaders, but it would also be useful to know whether and how employees feel a sense of ownership? Do they perceive the participative approach as positive as the business leaders themselves? Future research should focus on this point as well. What are the mechanisms that make employees go the so-called extra mile? Which organisational practices make them believe that they can make a difference. Do they need financial ownership in terms of stock to develop these feelings of ownership?

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# Appendix 1 – Data collection

## Company characteristics of the surveys

### First survey

- The survey was filled in by 320 respondents in the period of June 2016, 110 did fill it in only partially.
- 19% of the respondents were companies with less than 50 employees; 33% had between 50 and 250 employees; 48% had more than 250 employees.
- Sectoral division: 28% production; 42% services; 18% combination of production and services; 11% social profit.
- 19% of the companies have a foreign parent; 81% have local ownership.
- 36% are family-owned; 53% are not family-owned; 11% are a combination of family-owned business with non-financial capital.
- 20% was noted on the stock market.
- 7.6% saw a deterioration of their financial results during the past three years; 38.2% did report a stabilization; 54.0% reported an improvement.

### Second survey

- The survey was filled in by 324 respondents in the period of February 28 till March 4 2019; 254 did fill in completely, 70 only partially.
- The median company employed 52.5 persons; the average was 436.2
- Sectoral division: 2.8% agriculture; 29.6% industry; 11.4 construction; 47.5 services; 8.6 non-profit.

## Basis features of the surveys

Two surveys checked for the participative reality in Flanders.

1. First survey: Survey June 2016 (320 answers of which 110 partial).
2. Second survey: March 2019 (254 answers of which 70 partial).

Both these surveys were collected within the network of ETION, a Flemish employer organisation with 4.500 business leaders (1,500 different companies) as well as ACERTA, a daughter company of ETION and a big service provider with 30.000 business clients. The members of ETION are very diverse with respect to size, branche and region of activity. The clients of ACERTA are also very diverse.

Nevertheless, this big diversity of branches and companies, the surveys may still suffer from selection bias. Business leaders who are advocates of a participative approach may be more inclined to fill in the survey. Controlling for this possible bias will be done by discussing the results of the surveys in several focus groups and interviews.

A second type of selection bias might be that companies with good financial results are more likely to introduce financial participation schemes (McNabb and Whitfield, 2017). The data in the first survey allow us to check for this bias.

### More specifically, the first survey (June 2016) checked:

- Whether organisations combine financial with organisational motivational factors.
- The impact of participative entrepreneurship on cooperation, motivation and creativity of employees.
- Financial results in terms of productivity and profitability.
- Organisational and legal obstacles to introduce financial participation.
- What needs to be done to stimulate a more participative culture in organisations.

- Whether good financial results in the past, did lead to a higher presence of financial participation.

The second survey (March 2019) checked:

- Whether organisations combine financial with organisational motivational factors
- Whether participative entrepreneurship has a positive effect on employee engagement, satisfaction and retention.
- How employee engagement on the floor is being stimulated.
- What hampers organisation to enhance employee engagement.
- Which kinds of financial participation as well as which collective goals were being used.

Comparison of the two surveys?

- The data of the two surveys could not simply be combined because the respondents of both surveys were anonymous and maybe different. Moreover, the questions were also different as well as the scoring scales. The collective profit premium was only introduced in 2018, so it was not included in the first survey.
- The first survey though was used as an interesting benchmark to see whether something fundamental has changed in the perception of business leaders towards participative entrepreneurship. The first survey, also contained interesting control variables: was the company public or privately held; was there a foreign or local parent; did financial results over the last three years improve or deteriorate?

Survey participants:

- Both surveys were filled in by business leaders (owners, CEOs, financial and HR managers,...). The results do not necessarily tell anything about the way participative entrepreneurship is being perceived by the employees themselves. Do they really develop feelings of possession towards the organisation or organisational factors? This remains an open question since the surveys only measured the way the approach is being perceived from the viewpoint of business leaders.

**Focus groups and case studies**

The statistical findings and outcomes from the surveys were doublechecked with several focus group discussions. During the sessions of October 24 2017, November 16 2017 and February 7 2018, the participants were introduced to the principles of participative entrepreneurship. The participants were business leaders (CFO, CEO, HR managers, etc.) of companies that had an interest in participative entrepreneurship. Some of them already had considerable experience or did experiment with several items of either organisational or financial participation

APPENDIX

Results from the surveys were used to discuss the foundations of participative entrepreneurship. These groups are non-standardised, one to many and in group sessions. Because of the heterogeneity of these groups, these discussions allowed to check on the validity and representativeness of the surveys. Discussions also allowed to discuss the problems of free-riding and habituation of financial rewards.

With respect to the first survey there were

- Three introductory meetings: October 24, 2017 (Leuven); November 16, 2017 (Leuven); February 7, 2018 (Leuven)
- Two meetings were held with experts and business leaders: February 8, 2018 (Antwerp); February 8, 2019 (Antwerp).

During two focus groups with experts or specialists (company leaders with track record in participative entrepreneurship, academic representatives, experts from other organisations).

During these meetings (February 8, 2017) the features and possible merits of the new system of the profit premium were discussed.

During several focus groups, the results of the second survey were discussed (February 3, 2020; February 13, 2020 and June 6, 2020). Generally speaking, the conclusions from the first survey were confirmed. Interestingly, the first real cases with the profit premium could be discussed.

With respect to the second survey there were focus group meetings with business leaders on:

- February 3, 2020 (Westerlo)
- February 13, 2020 (Antwerp)
- June 6, 2020 (Oudenaarde)

## Appendix 2 - Correlation matrix

```
. correlate warrantsnum bonusplannum cla90num environmentnum costnum absenteismnu
> m accidentsnum revenuenum profitnum productionnum notnum boardnum boxnum selfsu
> fficientnum multinum strategicnum managementnum supervisornum floorsaynum reten
> tionnum satisfactionnum havingsaynum communicationnum reachgoalsnum paygoalsnu
> m financialnum engagementnum retentionnum
(obs=253)
```

	warran-m	bonusp-m	cla90num	enviro-m	costnum	absen-um	accide-m
warrantsnum	1.0000						
bonusplannum	0.4984	1.0000					
cla90num	0.3215	0.4686	1.0000				
environmen-m	0.2266	0.1893	0.1531	1.0000			
costnum	0.1114	0.1143	0.0388	0.2006	1.0000		
absenteism-m	0.0267	0.1160	0.1058	0.0852	0.1952	1.0000	
accidentsnum	0.2160	0.1260	0.1890	0.1864	0.1388	0.4181	1.0000
revenuenum	0.0499	0.0888	0.2061	0.0469	0.0849	-0.0796	0.0498
profitnum	0.1845	0.3433	0.3255	0.0755	0.0607	0.0219	0.0008
production-m	0.0201	0.1050	0.1467	0.1463	0.2128	0.1727	0.1160
notnum	-0.0617	-0.0921	-0.1019	-0.0465	-0.0516	0.0239	0.0167
boardnum	0.0789	0.1323	0.0932	0.0332	-0.0377	-0.0065	0.0293
boxnum	0.1649	0.1189	0.1902	0.0505	0.1143	0.0761	0.1844
selfsuffic-m	0.0779	0.1054	0.0922	0.0938	0.0440	0.0273	-0.0490
multinum	0.1941	0.1992	0.2744	0.0820	0.0177	-0.0007	0.0372
strategicnum	0.1795	0.2388	0.3595	0.0533	0.0953	0.0159	0.0059
management-m	0.0812	0.0987	0.1795	0.1187	0.0252	0.0129	0.0522
supervisor-m	0.0819	0.1594	0.1723	0.1095	0.0453	0.0853	0.0795
floorsaynum	-0.0147	0.0171	0.0552	0.1334	0.0638	0.0454	-0.0133
retentionnum	0.0446	0.0822	0.1008	0.0906	0.0854	-0.0530	-0.0702
satisfacti-m	0.0745	0.0895	0.0878	0.1060	0.1149	-0.0392	-0.0953
havingsaynum	-0.0226	0.1039	0.0845	0.1342	-0.0326	0.0813	-0.0318
communicat-m	0.2463	0.3519	0.3897	0.1114	0.0808	-0.0127	0.0073
reachgoals-m	0.1690	0.2985	0.3725	0.1393	0.0915	0.0034	-0.0444
paygoalsnum	0.2866	0.3997	0.5600	0.2081	0.0941	0.1501	0.1281
financialnum	0.3127	0.4632	0.5409	0.1562	-0.0375	0.0206	0.0436
engagement-m	0.0623	0.1612	0.2081	0.1803	-0.0343	0.0031	0.0166
retentionnum	0.0446	0.0822	0.1008	0.0906	0.0854	-0.0530	-0.0702

	revenu-m	prof-num	produc-m	notnum	boardnum	boxnum	selfsu-m
revenuenum	1.0000						
profitnum	0.1916	1.0000					
production-m	0.0138	0.0248	1.0000				
notnum	-0.0975	-0.1033	-0.0645	1.0000			
boardnum	0.0208	0.0080	-0.0675	-0.0283	1.0000		
boxnum	0.0447	0.1066	0.0792	-0.0714	-0.0388	1.0000	
selfsuffic-m	0.0408	0.0940	0.0694	-0.0799	0.1477	-0.0074	1.0000
multinum	0.1034	0.0373	0.1388	-0.1085	0.1477	0.1721	0.2048
strategicnum	0.1073	0.1469	0.0256	-0.1253	0.1514	0.0344	0.1652
management-m	0.0969	0.1079	0.0671	-0.1581	0.0265	0.1301	0.0929
supervisor-m	0.0443	0.1332	0.0369	-0.2689	0.1052	0.1699	0.0475
floorsaynum	-0.0441	-0.0394	0.1781	-0.2801	0.1010	0.0090	0.0988
retentionnum	0.0848	0.1287	0.0482	-0.1983	0.1301	0.0422	0.1813
satisfacti-m	0.0852	0.1147	-0.0242	-0.2577	0.1709	0.0322	0.2651
havingsaynum	0.1196	0.1456	0.0964	-0.0808	0.1509	-0.0083	0.2885
communicat-m	0.1980	0.3589	0.0714	-0.2418	0.1282	0.1403	0.1251
reachgoals-m	0.1914	0.2825	0.0729	-0.1642	0.1263	-0.0131	0.2003
paygoalsnum	0.3081	0.4368	0.1337	-0.1258	0.0857	0.1038	0.2077
financialnum	0.2303	0.4564	-0.0069	-0.0894	0.2380	0.0803	0.2644
engagement-m	0.0924	0.1630	-0.0488	-0.2142	0.1502	0.0956	0.2431
retentionnum	0.0848	0.1287	0.0482	-0.1983	0.1301	0.0422	0.1813

	multinum	strate-m	manage-m	superv-m	floors-m	retent-m	satisf-m
multinum	1.0000						
strategicnum	0.2902	1.0000					
management-m	0.2110	0.3064	1.0000				
supervisor-m	0.2791	0.1789	0.2730	1.0000			
floorsaynum	0.1744	0.1525	0.2194	0.1414	1.0000		
retentionnum	0.1914	0.3075	0.1495	0.1806	0.1331	1.0000	
satisfacti-m	0.1655	0.2872	0.2046	0.1808	0.1411	0.7715	1.0000
havingsaynum	0.2742	0.3049	0.3426	0.1535	0.2657	0.3049	0.3445
communicat-m	0.2462	0.3964	0.3728	0.2842	0.1485	0.3019	0.2958
reachgoals-m	0.2178	0.3752	0.2836	0.1644	0.1103	0.2601	0.2997
paygoalsnum	0.1305	0.3141	0.1412	0.1414	0.0373	0.2179	0.2576
financialnum	0.1404	0.2679	0.1700	0.1189	0.0460	0.2041	0.2421
engagement-m	0.2026	0.2874	0.2066	0.1707	0.0875	0.3027	0.3719
retentionnum	0.1914	0.3075	0.1495	0.1806	0.1331	1.0000	0.7715

	having-m	commun-m	reachg-m	paygoa-m	financ-m	engage-m	retent-m
havingsaynum	1.0000						
communicat-m	0.3430	1.0000					
reachgoals-m	0.3685	0.6786	1.0000				
paygoalsnum	0.1923	0.5357	0.5314	1.0000			
financialnum	0.2853	0.5389	0.4720	0.6845	1.0000		
engagement-m	0.2390	0.3170	0.3383	0.3776	0.3345	1.0000	
retentionnum	0.3049	0.3019	0.2601	0.2179	0.2041	0.3027	1.0000

## Appendix 3 – Contingency analysis

Contingency analysis	Chi-square / p-value	Gamma
Employee satisfaction / Employee engagement	78.53; 0.000	+0.41
Employee satisfaction / Employee retention	460.70; 0.000	+0.89
Employee engagement / Employee retention	57.30; 0.000	+0.34
Communication about results / Employee satisfaction	51.24; 0.000	+0.34
Communication about results / Employee engagement	87.22; 0.000	+0.39
Communication about results / Employee retention	46.88; 0.000	+0.33
Communication about results / Having a say	63.82; 0.000	+0.49
Communication about results / Involvement reaching goals	248.17; 0.000	+0.81
Communication about results / Linking pay reaching goals	144.71; 0.000	+0.59
Communication about results / Financial participation	159.84; 0.000	+0.62
Communication about results / Strategy discussions	53.18; 0.000	+0.58
Communication about results / Consultation management	44.81; 0.000	+0.55
Communication about results / Consultations supervisor	38.45; 0.000	+0.50
Communication about results / Multidisciplinary teams	27.41; 0.000	+0.42
Communication about results / Self-sufficient teams	6.78; 0.148	+0.21
Communication about results / Profit KPI	37.67; 0.000	+0.52
Communication about results / Revenue KPI	17.28; 0.002	+0.32
Strategy discussions / Employee engagement	35.18; 0.000	+0.41
Strategy discussion / Employee satisfaction	22.48; 0.000	+0.48
Strategy discussion / Employee retention	25.36; 0.000	+0.50
Consultation with management / Employee engagement	18.97; 0.001	+0.35
Consultation with management / Employee satisfaction	11.27; 0.024	+0.36
Consultation with management / Employee retention	8.93; 0.063	+0.23
Consultation with supervisor / Employee engagement	12.67; 0.013	+0.31
Consultation with supervisor / Employee satisfaction	13.96; 0.007	+0.38
Consultations with supervisor / Employee retention	12.52; 0.014	+0.33
Multidisciplinary teams / Employee engagement	16.96; 0.002	+0.36
Multidisciplinary teams / Employee satisfaction	12.41; 0.015	+0.25
Multidisciplinary teams / Employee retention	10.81; 0.029	+0.31
Self-sufficient teams / Employee engagement	19.54; 0.000	+0.40
Self-sufficient teams / Employee satisfaction	18.87; 0.001	+0.48
Self-sufficient teams / Employee retention	10.69; 0.030	+0.33
Having a say / Employee engagement	34.68; 0.001	+0.37
Having a say / Employee satisfaction	45.54; 0.000	+0.51
Having a say / Employee retention	37.50; 0.000	+0.42
Involvement reaching goals / Employee engagement	78.61; 0.000	+0.45
Involvement reaching goals / Employee satisfaction	55.91; 0.000	+0.40
Involvement reaching goals / Employee retention	52.71; 0.000	+0.30
Involvement reaching goals / Strategy discussions	47.74; 0.000	+0.60
Involvement reaching goals / Consultation with management	25.12; 0.000	+0.45
Involvement reaching goals / Consultation with supervisor	13.33; 0.010	+0.37
Involvement reaching goals / Multidisciplinary teams	19.59; 0.001	+0.39
Involvement reaching goals / Self-sufficient teams	14.53; 0.006	+0.32
Involvement reaching goals / Profit KPI	22.64; 0.000	+0.44
Involvement reaching goals / Revenue KPI	13.77; 0.008	+0.36
Linking pay to reaching goals / Employee engagement	72.64; 0.000	+0.42
Linking pay to reaching goals / Employee satisfaction	38.41; 0.001	+0.30
Linking pay to reaching goals / Employee retention	32.49; 0.009	+0.24

Linking pay to reaching goals / Financial participation	280.01; 0.000	+0.75
Linking pay to reaching goals / Strategy discussions	35.04; 0.000	+0.47
Linking pay to reaching goals / Consultation with management	10.78; 0.029	+0.23
Linking pay to reaching goals / Consultation with supervisor	9.44; 0.051	+0.27
Linking pay to reaching goals / Multidisciplinary teams	9.10; 0.059	+0.19
Linking pay to reaching goals / Self-sufficient teams	21.45; 0.000	+0.32
Linking pay to reaching goals / Profit KPI	50.23; 0.000	+0.58
Linking pay to reaching goals / Revenue KPI	31.90; 0.000	+0.44
Financial participation / Employee engagement	89.24; 0.000	+0.38
Financial participation / Employee satisfaction	44.47; 0.000	+0.26
Financial participation / Employee retention	41.34; 0.000	+0.20
Financial participation / Strategy discussions	32.24; 0.000	+0.44
Financial participation / Consultations management	12.11; 0.017	+0.29
Financial participation / Consultations supervisor	10.45; 0.033	+0.26
Financial participation / Multidisciplinary teams	7.63; 0.106	+0.23
Financial participation / Self-sufficient teams	25.45; 0.000	+0.37
Financial participation / CLA90 collective bonus	30.44; 0.000	+0.54
Financial participation / other bonus plan	17.03; 0.001	+0.43
Financial participation / profit premium	11.64; 0.009	+0.48
Financial participation / company stock or shares	9.87; 0.020	+0.40
Financial participation / stock options	6.16; 0.104	+0.34

### Results sorted according to Gamma-score

Contingency analysis	Chi-square / p-value	Gamma
Employee satisfaction / Employee retention	460.70; 0.000	+0.89
Communication about results / Involvement reaching goals	248.17; 0.000	+0.81
Linking pay to reaching goals / Financial participation	280.01; 0.000	+0.75
Communication about results / Financial participation	159.84; 0.000	+0.62
Involvement reaching goals / Strategy discussions	47.74; 0.000	+0.60
Communication about results / Linking pay reaching goals	144.71; 0.000	+0.59
Communication about results / Strategy discussions	53.18; 0.000	+0.58
Linking pay to reaching goals / Profit KPI	50.23; 0.000	+0.58
Communication about results / Consultation management	44.81; 0.000	+0.55
Financial participation / CLA90 collective bonus	30.44; 0.000	+0.54
Communication about results / Profit KPI	37.67; 0.000	+0.52
Having a say / Employee satisfaction	45.54; 0.000	+0.51
Communication about results / Consultations supervisor	38.45; 0.000	+0.50
Strategy discussion / Employee retention	25.36; 0.000	+0.50
Communication about results / Having a say	63.82; 0.000	+0.49
Strategy discussion / Employee satisfaction	22.48; 0.000	+0.48
Self-sufficient teams / Employee satisfaction	18.87; 0.001	+0.48
Financial participation / profit premium	11.64; 0.009	+0.48
Linking pay to reaching goals / Strategy discussions	35.04; 0.000	+0.47

Involvement reaching goals / Employee engagement	78.61; 0.000	+0.45
Involvement reaching goals / Consultation with management	25.12; 0.000	+0.45
Involvement reaching goals / Profit KPI	22.64; 0.000	+0.44
Linking pay to reaching goals / Revenue KPI	31.90; 0.000	+0.44
Financial participation / Strategy discussions	32.24; 0.000	+0.44
Financial participation / other bonus plan	17.03; 0.001	+0.43
Communication about results / Multidisciplinary teams	27.41; 0.000	+0.42
Having a say / Employee retention	37.50; 0.000	+0.42
Linking pay to reaching goals / Employee engagement	72.64; 0.000	+0.42
Employee satisfaction / Employee engagement	78.53; 0.000	+0.41
Strategy discussions / Employee engagement	35.18; 0.000	+0.41
Self-sufficient teams / Employee engagement	19.54; 0.000	+0.40
Involvement reaching goals / Employee satisfaction	55.91; 0.000	+0.40
Financial participation / company stock or shares	9.87; 0.020	+0.40
Communication about results / Employee engagement	87.22; 0.000	+0.39
Involvement reaching goals / Multidisciplinary teams	19.59; 0.001	+0.39
Consultation with supervisor / Employee satisfaction	13.96; 0.007	+0.38
Financial participation / Employee engagement	89.24; 0.000	+0.38
Having a say / Employee engagement	34.68; 0.001	+0.37
Involvement reaching goals / Consultation with supervisor	13.33; 0.010	+0.37
Financial participation / Self-sufficient teams	25.45; 0.000	+0.37
Consultation with management / Employee satisfaction	11.27; 0.024	+0.36
Multidisciplinary teams / Employee engagement	16.96; 0.002	+0.36
Involvement reaching goals / Revenue KPI	13.77; 0.008	+0.36
Consultation with management / Employee engagement	18.97; 0.001	+0.35
Employee engagement / Employee retention	57.30; 0.000	+0.34
Communication about results / Employee satisfaction	51.24; 0.000	+0.34
Financial participation / stock options	6.16; 0.104	+0.34
Communication about results / Employee retention	46.88; 0.000	+0.33
Consultations with supervisor / Employee retention	12.52; 0.014	+0.33
Self-sufficient teams / Employee retention	10.69; 0.030	+0.33
Communication about results / Revenue KPI	17.28; 0.002	+0.32
Involvement reaching goals / Self-sufficient teams	14.53; 0.006	+0.32
Linking pay to reaching goals / Self-sufficient teams	21.45; 0.000	+0.32
Consultation with supervisor / Employee engagement	12.67; 0.013	+0.31
Multidisciplinary teams / Employee retention	10.81; 0.029	+0.31
Involvement reaching goals / Employee retention	52.71; 0.000	+0.30
Linking pay to reaching goals / Employee satisfaction	38.41; 0.001	+0.30
Financial participation / Consultations management	12.11; 0.017	+0.29
Linking pay to reaching goals / Consultation with supervisor	9.44; 0.051	+0.27
Financial participation / Employee satisfaction	44.47; 0.000	+0.26
Financial participation / Consultations supervisor	10.45; 0.033	+0.26

Multidisciplinary teams / Employee satisfaction	12.41; 0.015	+0.25
Linking pay to reaching goals / Employee retention	32.49; 0.009	+0.24
Consultation with management / Employee retention	8.93; 0.063	+0.23
Linking pay to reaching goals / Consultation with management	10.78; 0.029	+0.23
Financial participation / Multidisciplinary teams	7.63; 0.106	+0.23
Communication about results / Self-sufficient teams	6.78; 0.148	+0.21
Financial participation / Employee retention	41.34; 0.000	+0.20
Linking pay to reaching goals / Multidisciplinary teams	9.10; 0.059	+0.19